

**UNIVERSITY OF CAPE TOWN**

**MOZAMBIQUE’S POST-CONFLICT POLITICAL ECONOMY:  
“AFRICA’S SUCCESS STORY”? (1992–2009)**

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**MADALITSO ZILILO PHIRI  
PHRMAD001**

**JUNE 2010**

**SUPERVISOR  
PROFESSOR LUNGISILE NTSEBEZA**

**CO-SUPERVISOR  
DR HORMAN CHITONGE**

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“For the message of the cross is foolishness to those who are perishing, but to us who are being saved it is the power of God. For it is written: I will destroy the wisdom of the wise; the intelligence of the intelligent I will frustrate. For the foolishness of God is wiser than man’s wisdom, and the weakness of God is stronger than man’s strength.”

**(I Corinthians 1:18-19, 25)**

“Peace is not an absence of war, it is a virtue, a state of mind, a disposition for benevolence, confidence, justice”.

**(Baruch Spinoza)**

“The real and lasting victories are those of peace and not of war”.

**(Ralph Waldo Emerson)**

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## **ABSTRACT**

The study investigates the political economy of development in post-conflict Mozambique. This study is written from the theoretical perspectives of growing criticism of the Washington Consensus policies on developing nations, which place economic growth and development within the field of development studies as they are played out in African realities. This study takes cognisance of the structural underpinnings in Mozambique. The country emerged from a series of protracted brutal wars (independence from Portugal 1965-1975; Civil War 1975-1992), which undermined developmental initiatives under the period of socialist central planning, curtailed global competitiveness, and inhibited nation-building.

Mozambique is viewed by the donor community and multilateral institutions, such as the World Bank and IMF, as a success story of post-war construction and is used as a model to be emulated. The study proposes a thesis that, contrary to the common belief of donors and International Financial Institutions (IFIs), adjustment policies do harm to this poor economy. Furthermore, neo-liberal economic policies have altered the role of state institutions, not eliminating state power, but redirecting it. This claim challenges the neo-liberal claim that Mozambique's post-conflict political economy has been "revolutionary". Economic reforms can, by and large, benefit this economy, but alone, are insufficient to reduce poverty and economic dependence.

Secondary quantitative data was made available from leading international organisation such as WHO, FAO and TI. The study found that, despite improvements in reducing the number of people living in poverty between 1992 and 2008, malnutrition, diseases such as malaria, HIV/AIDS and tuberculosis, and corruption are on the increase. This demystifies claims that Mozambique is a post-conflict success story. The author concludes that global governance reforms that take cognisance of Mozambique and Africa's political crisis are needed to forge a post-colonial development paradigm relevant for Africa. This can only be achieved if global capitalism is radically transformed, specifically with a move toward increasing the voices of the global South; to attain the economic freedom that is desperately needed.

## ACRONYMS & ABBREVIATIONS

<b>ARA</b>	Accao Revolutionaria Armada
<b>BWI</b>	Bretton Woods Institutions, viz., the World Bank and IMF, founded at Bretton Woods
<b>COMECOM</b>	Council for Mutual Economic Assistance
<b>ERP</b>	Economic Rehabilitation Programme
<b>FAO</b>	Food and Agricultural Organisation
<b>FDI</b>	Foreign Direct Investment
<b>FRELIMO</b>	Frente de Libertacao de Mocambique (Front for the Liberation of Mozambique)
<b>GFTAM</b>	Global Fund to Fight Against AIDS, Tuberculosis and Malaria
<b>GNI</b>	Gross National Income
<b>GPA</b>	General Peace Agreement
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
<b>IFIs</b>	International Financial Institutions
<b>IMF</b>	International Monetary Fund
<b>MCA</b>	Millennium Challenge Account
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>ONUMOZ</b>	UN Operation in Mozambique (Spanish Acronym)
<b>OVC</b>	Orphans and Vulnerable Children

<b>PARPA II</b>	Plano doe Accao para a Reducao da Probleza Absoluta, Action Plan to Reduce Absolute Poverty—Mozambique’s Poverty Reduction Strategy
<b>PCP</b>	Portuguese Communist Party
<b>PEPFAR</b>	President’s Emergency Plan for Aids Relief
<b>PLHIV</b>	People Living with HIV
<b>PPI</b>	Plano Perspectivo Indicativo (Indicative Perspective Plan)
<b>PRE</b>	Programa de Reabilitacao Economica, Economic Rehabilitation Programme
<b>RENAMO</b>	Resistencia Nacional Mocambicana (National Resistance Movement of Mozambique)
<b>SAP</b>	Structural Adjustment Programme
<b>SoE</b>	State owned Enterprise
<b>TB</b>	Tuberculosis
<b>TI</b>	Transparency International
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations Children’s Fund
<b>US</b>	United States of America
<b>USSR</b>	Union of Soviet Socialist Republics
<b>WFP</b>	World Food Programme
<b>WHO</b>	World Health Organisation
<b>WTO</b>	World Trade Organisation



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# **CHAPTER ONE**

## **MOZAMBIQUE’S POST-CONFLICT POLITICAL ECONOMY: “AFRICA’S SUCCESS STORY”?**

### **1.1 Introduction**

This study aims to critically analyse the political economy of development in post-colonial Mozambique (1975-2008). The study questions the growing consensus that Mozambique is “an African success story” that has come about since the inception of political and economic reforms in the post-conflict era. The study will delve into the political economy of Mozambique between 1975 and 1986 as a background to understanding post-conflict political economy dilemmas. Following the victory of Samora Machel against Portuguese colonialism in 1975, complete transformation of a distorted colonial economy was what the liberation movement, Front for the Liberation of Mozambique (FRELIMO), set out to achieve after independence. FRELIMO pursued policies that were couched in the principles of the ‘New Man’ which were an antidote to the colonialist’s political, social and economic relations. The New Man followed a period of pragmatic state action, uncertain social relations and genuine idealism. Coupled with that, the revolution faced an internal backlash as civil war with the rebel movement, RENAMO (Resistencia Nacional Mocambicana; National Resistance Movement of Mozambique), ensued.

Since the signing of the 1992 General Peace Agreement (GPA) between FRELIMO and RENAMO, Mozambique has been regarded by international policy makers and commentators as a “beacon of hope” and a “model” that can be emulated in post-conflict societies across the world. These suggestions have been made after experimentation with political and economic reforms under the auspices of international institutions such as the IMF and World Bank. The results of these reforms are also noted by several unilateral and multilateral agencies and organisations.

For example, a UN report suggests that:

Mozambique has become one of Africa's most successful stories of post war reconstruction and economic recovery. The country had its third peaceful democratic, legislative and presidential elections in December 2004, reaffirming the commitment to political stability and national reconciliation. Mozambique has engaged in an ambitious economic, social and political reform agenda, and has made efforts to consolidate macroeconomic stability (2005: 7).

In the post-conflict phase, consensus in the donor community is that Mozambique should commit itself to human rights and to a free market, uphold the rule of law, be fair to political processes, train the workforce, give education to the young, bring succour to the suffering poor, and observe gender equality and the rights of minorities. The African Development Bank further suggests that Mozambique

...has enjoyed impressive economic growth averaging 7% in the past ten years, and sustained macroeconomic and political stability. Growth has been driven mainly by investments in mineral resources, industry, services, policy reform, pro-poor government expenditure and strong donor support... (2008).

## **1.2. Research Problem and Questions: Mozambique's Development Path from Independence to Democracy**

In ushering in the policies of the 'New Man' FRELIMO consolidated a national programme that was based on three tenets: modernisation, socialism and nationalism. Thus, FRELIMO had embarked on an ambitious political project to socially-engineer Mozambican society. As several scholars have argued, the establishment of a material and ideological basis for a socialist society became an overall goal, and emphasis was laid on the role of the state in savings, investment, production and trade (Saul, 1985; Mittleman, 1981; Pitcher, 2002). FRELIMO's political project sought to dismantle the colonial economic base through rapid industrialisation based on agricultural surplus. However, Tarp and Igel Lau have argued that "a bloody war and a range of deep-seated structural problems inherited from the colonial era helped to pave the way to economic collapse" (1998: 288). Advances and attacks launched by RENAMO, a rebel movement initially recruited by the Rhodesian government of Ian Smith to destabilise the FRELIMO government, was thus a contributing factor to the moribund economy.

The FRELIMO government increased military expenditure at the expense of radically transforming the inherited colonial economy and meeting development indicators like healthcare and school enrolment. Economic policies pursued by FRELIMO resulted in further deterioration of the economy. For example, Abrahamsson and Nilsson note that state farming stagnated, despite massive investments; fifty percent of the land that had been cultivated commercially during the colonial era had not been put to use (1995: 49). This led to the demise of socialist central planning, and a move towards market capitalism seemed inevitable. Tarp and Igel Lau point out that the ensuing economic policies resulted in the implementation of a Structural Adjustment Programme (SAP) the Economic Rehabilitation Programme (ERP), which was launched in 1987 with the assistance of the International Monetary Fund (IMF) and the World Bank (1998: 289).

Fifteen years after the war of destabilisation, the peace has held. Mozambique is the donors' "model pupil", carefully following their prescriptions, and total aid received has risen unabated in the post-conflict phase. The highest recorded was in 2008 when total aid given reached almost US\$2 billion. The Millennium Development Report noted:

International development assistance plays a crucial role in Mozambique's fight against poverty. Net Official Development Assistance (ODA) averaged US\$1.1 billion in the period 1997-2003, around 31.4 percent of GNI or US\$61.8 per capita in the same period (2005: 12).

However higher levels of growth accompanied by aid dependency have brought about conflicting results. A World Bank report notes that, from the human development perspective, growth has meant a 40 percent decrease in infant and under-five mortality, and a 76 percent increase in net primary school enrolment. A closer examination would indicate that there was an improvement between 1997-2003, however, the PARPA II report suggests the mortality rate among children under five is still close to the average for less-developed countries, which stood at 160 in 2001 (PARPA II, 2006). Although the 2005 data seem to show improvements, as the infant mortality rate per 1000 live birth declined to 100 (UNDP, Human Development Report, 2005), children between 6–24 months are the most vulnerable to malnutrition because that is when they start eating solid food.

PARPA II further reports that, following technical adjustments of data, results indicate that the prevalence of malnutrition among children fell between 1996/97 and 2003 (PARPA II, 2006: 12). However, the report further suggests that,

in comparisons with the gains made in consumption, those improvements in the prevalence of malnutrition among children seem minor and are sometimes not statistically significant (PARPA II, 2006: 12-13).

In the same period that impressive growth was achieved, HIV/AIDS has been on the increase and several discrepancies have been noted. The Mozambique National Human Development Report has noted that there were massive movements of people and return of refugees and internally displaced people to the country and zones of their origin. This trend has led to a rapid increase of HIV and AIDS, but as yet there are no surveillance systems nor appropriate and directed prevention campaigns (2007: 15). The severity of the disease has led to an increased number of Orphans and Vulnerable Children (OVCs). Socially, the tension is further exacerbated as the actively working population (both men and women) have been hard hit by the pandemic, depleting labour that is required to build the economy. Economic growth tension has been skewed when social indicators are taken into consideration. A UN Report notes the following:

[I]nequality has increased as the Gini coefficient rose from 0.40 in 1997 to 0.42 in 2005—and the consumption of the poor grew slower, in percentage terms, than that of the rich (2005: 12).

The World Food Programme (WFP, 2010) reports that “Mozambique is one of the poorest countries in the world, ranked 172 out of 177 countries on the 2007/2008 Human Development Index” (2007)<sup>1</sup>. Furthermore, a baseline study notes that “[o]n average, 35 percent of households in Mozambique are considered chronically food insecure (Baseline Study of the National Secretariat for Food Security and Nutrition, 2006). According to the most recent assessment, the provinces with the highest rate of chronic food insecurity were Zambezia (36 percent), Tete (35 percent), Maputo (34 percent) and Inhambane (30 percent). Regional discrepancies are evident with Maputo

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<sup>1</sup> <http://www.wfp.org/countries/mozambique>



and Maputo city strategically positioned as the darling destinations of Foreign Direct Investments (FDI) and the country's economic powerhouse.

The data confirm the assumptions that were made by the PARPA II report. The report notes that, with regard to access to private goods and services, such as access to modern lighting, a source of potable water and improved sanitation systems, better housing and possession of durable goods, Maputo and Tete are the provinces that have exhibited the highest percentage of improvement (PARPA II, 2006: 18). This contradicts what international policy makers such as the World Bank and the African Development Bank have suggested, namely, that political and economic reforms have been transformational. The government of Mozambique notes that 54 percent of the population lives below the national poverty line, 63 percent of rural children live in absolute poverty, and 34 percent of households are food insecure and face perpetual hunger (Reported on the WFP website). As the WFP clearly suggests:

Mozambique's urban population is growing and is expected to exceed 50 percent by 2025. School enrolment rates are as high as 95 percent for the first level of primary education, but they drop drastically to 13 percent for primary grades 6-7. Equally telling are primary school completion rates: 76 percent for grades 1-5 and only 35 percent for grades 6-7. The vast majority of rural and peri-urban families find it difficult to lose their children's contribution to the family labor pool by sending them to school, so many children enroll at the beginning of the year, but are forced to drop out and miss classes in order to help with family chores. As a result, Mozambique's overall development is hindered by a lack of human resource capacity.

The 2007 World Development Indicators suggested that aid as a percentage of GNI decreased by 19 percent between 2000 and 2005, however, in the same period aid as a percentage of gross capital formation increased by 28 percent (2007: 349). The Millennium Development report suggests that:

the poverty gap ratio registered an improvement—from 29.3 percent in 1997 to 20.5 percent in 2003—indicating that the households that remained poor during this period were, on average, closer (20.5 percent below) to reaching the minimum consumption level (poverty line) (2005: 12).

Growth and the success in post-conflict Mozambique thus merit a closer examination. Jones has argued that, despite a dearth of reliable data regarding the real volume of *additional* funding that can be attributed to newer donors, there are indications that the volume of new financing may be significant (2009: 18). Recent figures suggest that in 2007 alone, Mozambique received US\$ 162 million of

PEPFAR (President's Emergency Plan for AIDS Relief) funds, which is equal to around half the health sector's entire 2008 budget (GRM, 2007). Similarly, US\$ 500 million has been committed by the Millennium Challenge Account (MCA) to Mozambique over five years from 2008, and commitments from the Global Fund to Fight Against AIDS, Tuberculosis and Malaria (GFATM) in 2008 were equal to around US\$ 58 million. In relation to new avenues of aid regimes, Jones suggests the following:

[T]hese include the resurgence of non-DAC donors such as China, Brazil and India as well as the emergence of various 'vertical funds', which can be defined as international initiatives organised outside the UN system focused on specific thematic objectives such as HIV/AIDS and education (2009: 18).

As noble as the tasks stated above seem, this study questions whether the acclaimed growth has led to equity and an improvement of the quality of life for the majority of citizens in Mozambique. This argument is rooted in questioning the current status quo of development and global capitalism. In post-colonial Africa Western donor countries saw the need to provide succour to underdeveloped the newly independent states. Development policies that have been designed have continued to be influenced by Western models, packaged to suit the African situation. In this light, development becomes a tool of neo-colonialism. However, Mozambique's political economy cannot be narrated solely through the lenses of neo-colonialism. The effects are however, real.

However, Francisco and Connerley, in a comprehensive analysis, conclude that "experience in Mozambique suggests that international assistance should emphasise economic and political liberalization during, and for several years after, a peace settlement" (2005: 218). Francisco and Connerley make suggestions that transformational development can be achieved under a neo-liberal regime. They suggest that "neither FRELIMO nor RENAMO has understood or appreciated the benefits of genuine political and economic liberalization" (2005: 218). This claim therefore suggests that, through austere economic policies under the haze of increased international involvement in Mozambique, neo-liberalism is the viable alternative to usher in growth and equity. However, the results are at best mixed, and the study

seeks to critically analyse key assumptions of both donors and the Mozambican government, by posing the following key questions:

- i. Is Mozambique a successful post-conflict success story after political and economic reforms implemented in the post-conflict phase (1992 to 2008)?
- ii. Has economic growth in the post-conflict phase been pro-poor in Mozambique?

### **1.3. Aims and Objectives of the Research.**

The main aim of the research is to analyse and illustrate, with data, that Mozambique is not a post-conflict success story. To achieve this objective the following need to be highlighted:

- i. To clearly illustrate that despite post-conflict political and economic reforms a move toward a market society has not had a revolutionary impact on Mozambique's development path.
- ii. To clearly illustrate with data that higher levels of economic growth have been accompanied by rising inequalities, malnutrition, hunger and diseases such as HIV/AIDS, malaria and tuberculosis and aid dependence.

### **1.4. Theoretical and Conceptual Considerations**

In this study, the case of Mozambique is situated within the broader development debates of Africa which are characterised by two polarised conceptual frameworks, namely, capitalist development and an alternative growth path for the continent. Hyden has argued that Africa's development malaise can be equated to the failure of African countries to implement the principles of a free-market economy. In his early work, Hyden suggested that capitalism is much more than what is seen in Africa as its most distinct features. The paradox of the capitalist system, as argued by Hyden, is that, although it assigns a more limited role to the state economy than

socialism does, it is at least as effective in generating, and maintaining, a value orientation which enhances the public realm (1983: 24). Hyden thus sees capitalist development in Africa as the most effective system to usher in revolutionary change coupled with the emergence of a social class strong enough to compete with international capital. He argues that despite capitalism's shortcomings, capitalism is more likely than socialism to hold the key to development in Africa over the decades to come, by presupposing a thorough transformation of the peasant mode of production (Hyden, 1983: 25).

On the contrary, Hamza Alavi's analysis of peripheral capitalism and its impact on developing societies suggests that capitalism carries the seeds of its own destruction. Following Marxian thinking, Alavi argues that "capitalist production and exchange presupposes a kind of equality in society and a basic inequality" (1983: 292). This inherent contradiction in the capitalist framework is an impediment to developing societies, as global structures have not been altered to work favourably for developing societies. Alavi further argues that

[c]apitalism is not transcended as long as the state guarantees the continuity of the capitalist social relations of production and its class structure by virtue of capitalist property that separates the producer from the means of production by interposing between them an exploiting class (1983: 295).

The debate between the 'virtues of capitalism' and socialism as an alternative path should be located within a greater appreciation of the historical circumstances within which development in Africa is being proposed. This study identifies with the latter. Nearly five decades after independence, some theorists argue that much of Africa has failed to achieve development. For example, in a very comprehensive analysis, Ake has argued that "development has failed as it was never really on the agenda in the first place" (1996: 1). The political project that was adopted maintained the colonial practice of repression at the expense of transforming newly-independent states. Post-colonial Nationalist governments, albeit with insightful visions to transform the newly-independent states, failed to articulate the development agenda. Ake further suggests that "political conditions in Africa are the greatest impediment to development" (1996: 1). Political expediency is deeply entrenched in Africa's

political thought, and, to a larger extent, politics has failed to bring about principles of justice, fairness and equality in the public realm.

Western leaders, policy-makers and commentators have all argued that Africa is equated with collapsed or failed states, civil unrest which has led to increased migrations, corruption, endemic war and violence, loss of political direction and unconstitutional attainments of power, widespread crime, unemployment and social anomie. For example, Tony Blair suggested that '[t]he state of Africa is a scar on the conscience of the world'. Armed with an idealism to relieve Africa of this tragic history, Blair furthermore suggested that, 'if the world focused on Africa, we could heal it; and if we do not, the scar will become angrier still' (2001: 1). Some theorists have poignantly argued that "for most Africans, independence has been more of a desperate struggle for survival rather than a steady path to development" (Houngnikpo, 2006: 4).

With the benefit of historical hindsight, the Scramble for Africa at the Berlin Conference (1884-85) determined the curse of the nation-state, as it led to the annexation of African territories by European powers. To drive this point home: colonialism crafted the idea of Africa. As Ake has suggested: "[T]he power of the colonial state was not only absolute but arbitrary ... its officials showed hardly any interest in transforming domination into hegemony, beyond the notion that their domination was also a civilizing mission" (1996: 3). Through force and coercion the colonial state crafted the arbitrary distinctions of citizen and subject. Political and civil liberties were curtailed. The political institutions that were developed sought to guard Western "progressive" values and caused Africans to be subject to Europeans. Economically, the colonial economy, in which production sought to incorporate the colonies into the expanding mercantile global capitalist system, was under the auspices of the colonisers. As Ake further suggests, these "two features of state power, its absolutism and arbitrariness, framed colonial politics" (1996: 3).

The post-colonial elite inherited a system that was not designed to work. The new system was torn between adopting norms that had governed pre-colonial societies and a colonial inheritance which guarded the interests of the colonisers within the ambits of new states. Paralysed by the inabilities of weak bureaucracy and unrealistic ambitions to embark on a path of modernisation, the political and economic machinery that emerged looked like that of its predecessors. Several scholars, such as Fanon, Ake and Amin, with every prophetic insight, concluded that the colonial regime was thus replaced by a post-colonial African state and elite that were woven with the garments of the colonisers. As Ake has lamented: “[A]lthough political independence brought some change to the composition of state managers, the character of the state remained as much as it was in the colonial era” (1996: 3).

The liberal English historian Meredith notes that “by the mid-1980s most Africans were poorer than they had been at the time of independence” (2004: 367). There was a failure to cut the umbilical cord with their colonial masters. This was reflected in the bilateral trade and diplomatic relations that African countries strategically forged with their former predecessors soon after the demise of the colonial regimes. The newly-independent African states relied on agricultural raw materials and mineral produce to export on the global commodity market. For example, Ghana’s cocoa exports boomed between 1960 and 1970 (Cooper, 2002). In similar vein, Zambia’s copper supplied the burgeoning global demand (Cooper, 2002).

An over-reliance on the volatile global economy and failure to diversify the agrarian economies, coupled with a global economic recession in the 1980s, stringent trade laws and a move toward market fundamentalism, paved the way to the crisis in which most African countries find themselves. Despite astounding growth in the first two decades of independence, most countries in Africa, including Mozambique, run stagnant economies and have degenerated into economic malaise. For example, Meredith notes that, in Ghana, “[g]overnment payments to cocoa farmers as a percentage of total export receipts for cocoa fell from 72 in 1960 to 41 in 1965 (2006: 186).

Crippled by huge budget deficits, corruption and funds mismanagement, African countries failed to provide the desired public goods and services to satisfy their citizens. As Ake further suggests: “Colonial rule left most of Africa a legacy of intense and lawless political competition amidst an ideological void and a rising tide of disenchantment with the expectation of a better life” (1996: 5). There was a political vacuum that was created by Nationalist governments paving the way for a parasitic relationship between African states and Western-led institutions such as the International Monetary Fund (IMF) and the World Bank. Whereas post-colonial African elites had placed emphasis on the state as a vehicle for social transformation, IFIs became suspicious of the states’ failure to usher in economic transformation. As Meredith himself notes:

The remedy they devised for all Africa’s ills was a series of radical economic reforms. Whereas in the 1960s Western development economists had advocated that the state should act as the motor of development and dismissed the role of markets, in the 1980s they regarded the state as a principal cause of development failure and called for market-oriented development strategies in place of government intervention (2004: 369-370).

Neo-liberalism (Washington Consensus), as it was coined, culminated in the imposition of Structural Adjustment Programmes (SAPs) on most African economies by IFIs like the World Bank and IMF. As Mafeje notes:

By the end of the 1980s Africa had hit rock bottom due to the pursuit of neo-colonial policies of its leaders, and the continent degenerated into a crisis of democracy, economic crisis, political crisis, agricultural crisis and crisis of governance in the 1990s (2002: 6).

Even the rise of self-confessed “socialist” states in Africa seemed to give credence to the reality of a crisis, as these states turned out to be as undemocratic and authoritarian as the rest, argues Mafeje (2002: 8). The results have, at best, been mixed and have raised outrage among the African intelligentsia, who are calling for continental renewal.

Scholars criticising the status quo of global development have reached different conclusions. Mafeje noted that, in recognition of the parlous state of affairs, and in opposition to the Washington Consensus, African intellectuals are advocating the establishment of a “democratic developmental state” (2002: 11). He points out that

the process of entrenching a “democratic developmental state” should not be confused with the rejection of foreign aid *per se*, but all forms of external impositions. However, Mafeje laments that this position cannot be sustained without a full commitment to the principle of *self-reliance* (2002: 11). Ake clearly articulated the notion of self-reliance and noted the following:

Self reliance is about responsibility. The embracing of self-reliance will be the real revolution of development in Africa. It is true that Africa’s colonial history and its place in the world system have not been conducive to independence. ... African leaders have preferred a cozy accommodation with dependence than the rigours of self-reliance, and they have usually accentuated dependence by their policies and behaviour instead of reducing it (1996: 140).

In similar vein, Samir Amin argued that, while pretending to be apolitical, the World Bank has always shown a preference for the regimes most aligned with Washington and its allies—Mobuto, Marcos, Pinochet, Suharto and the Tontons Macoutes—without being greatly bothered by the question of democracy or by issues such as the corruption and ineffectiveness of many of its interventions under these regimes (1997: 25). On the wider spectrum, Ake suggests that “Africa requires somewhat more than the crude variety of liberal democracy that is being foisted on it, and even more than the impoverished liberal democracy that prevails in the industrialized countries” (1996: 138). He thus sees intense democratisation coupled with political decentralisation as the only viable alternative that will transform agrarian African states into economic powerhouses. These scholars then confirm what Stiglitz articulated in his thesis *Globalization and its Discontents* suggesting that:

[t]he discontent with globalization arises not just from economics seeming to be pushed over everything else, but because a particular view of economics—market fundamentalism—is pushed over all other views. Opposition to globalization in many parts of the world is not to globalization *per se*—to the new sources of funds for growth or to the new export markets—but to the particular set of doctrines, the Washington Consensus policies that the financial institutions have imposed. And it is not just opposition to the policies themselves, but to the notion that there is a single set of policies that are right (2002: 220-221).

Although the scholars cited above share similar views on the failure of global governance institutions, there are stark differences that exist among them. For Mafeje, Africa’s quest for renewal is delineated in Africa’s historical legacies of colonialism, neo-colonialism, and the failure of both totalitarian and civilian political elites to champion equity, prudent economics, and social justice.



He notes that

[t]he inability of African leaders to cut the umbilical cord from their colonial masters is evidence of their lack of a viable alternative, and expounds that the ruling elites in the post-independence era have maintained the status quo and found opportunities for self-aggrandisement within it (Mafeje, 2002: 5).

Stiglitz, on the other hand, sees the need for the reformation of the fundamentals of global institutions managing globalization like IMF and World Bank. He has suggested that political and economic reforms need to be reformed in themselves. Stiglitz thus posits the adoption of a post-Washington Consensus development model, where solutions need to be bound by global values of justice and equity whilst being true to situational factors and local contexts. Amin, on the contrary, invokes radical transformation of the entire international capitalist system, forging a new mode of production. He argues that a different globalisation will involve “challenging the options of neoliberal imperialism and the way in which collective triad imperialism runs the affairs of the planet within the framework of an extreme, or more ‘balanced’, Atlanticism” (Amin, 2006: 147). This does not mean that Amin suggests autarky, for he sees globalisation not as a fact to be erased, but a positive fact: progress in history. He advocates a movement and a recognition that countries in the South need to increase their bargaining power to challenge and change the status quo of global political and economic relations. Countries in the South should work toward a world beyond the hegemonic dominance of the US, Japan and a stronger Europe, and create a multipolar world.

Furthermore, Amin is cognisant that neo-liberal discourse cannot respond to the crisis of global development. He therefore, challenges the intellectual hubris that there are no alternatives within the capitalist system. Amin suggests that the development paradigm in its present form is incapable of having such dialogue. Amin further argues that a long term perspective is one of a long transition to world socialism, for only then can the goal of a genuinely multipolar world be attained (2006: 147). For Africa, however, this would translate into *de-linking*. For Amin, *de-linking* changes the logic of internal capitalist accumulation as the world system is forced to adapt, not only by imposing a vision of adjustment within stagnation, but also one of replacing the concept of unilateral adjustment (of the weakest to the strongest) by the concept of mutual adjustment (1997: 40). In this instance, African

countries would have the bargaining power to formulate policies that best suit the socio-economic and political trajectories of their economies. However, Amin points out that the vision for international socialism will be different from the one that was practised by post-colonial Nationalist elites. He suggests the following:

An alternative to capitalist globalization implies the recomposition of socialist perspectives in all different parts of the world. Socialism is not dead, but it will not be reborn through attempts to resuscitate old national social-democratic or statist Marxist-Leninist formulas or their tropical versions, all of which have not superseded. The new socialism should be much more internationalist, and at the same time contribute actively to the recomposition of regional groupings capable of opposing internationalism of peoples to that of capital (Amin, 1997: 76).

These conceptual frameworks help explain the trajectory of Mozambique's political economy since the demise of the Portuguese regime. Expansion of mercantile colonial capital resulted in the incorporation of Mozambique into the global capitalist world, as Ake (1996) has noted. At independence, Nationalist leaders had a clear vision to break from the shackles of oppression and tyranny. Firstly, FRELIMO clearly identified itself as Marxist-Leninist and articulated a vision of social engineering to bring about radical reforms in agrarian-based Mozambique. Secondly, its domestic policies were driven by an alignment to the Bandug project and the Non-aligned movement, emphasising socialism as an alternative development model to capitalism, which eventually led to collapse, albeit massive social transformation.

The Nationalist vision was a failure. A call for country renewal rejuvenated ethnic tensions that were not resolved at independence. This meant that Mozambique, like other African states, degenerated into war, followed by an economic malaise. Western-backed institutions, the World Bank and IMF, as well as the UN, developed what were deemed effective strategies to set Mozambique on a trajectory of democratic reforms, peace and development, demonstrating a commitment to the 'virtues of capitalism' to rid Mozambique's social ills. All the stages of Mozambique's political economy reflect the dilemmas that have been raised by scholars cited in this section. A move toward market fundamentalism highlights what Stiglitz has articulated. Over-reliance on aid reflects the dilemmas that Ake (1996) and Mafeje (2002) have raised: that African countries need to be self-reliant. And finally, post-conflict dilemmas confirm what Samir Amin has raised: Can African countries formulate a development discourse that reflects the post-colonial dilemmas

and impasse, without the impeding forces of the global North? These concepts then provide critical lenses through which to look at Mozambique as a case study, and to examine the trajectory of its political economy.

## **1.5. Methodology**

This study relied on secondary data collected by leading international organisations such as the World Bank, OECD, WHO, Transparency International and FAO. The research looked at four variables: (a) hunger and malnutrition, (b) human development (specifically looking at the human development indicators and health indicators), (c) macroeconomic indicators (Aid/Official Development Assistance), and (d) governance, specifically focusing on corruption. A comprehensive government document on poverty reduction in Mozambique between 2006–2009, PARPA II, was also used to support claims that the data founded. The government of Mozambique's Action Plan for the Reduction of Absolute Poverty for 2006–2009 (PARPA II) was developed and implemented to reduce the incidence of poverty from 54 percent in 2003 to 45 percent in 2009. PARPA II is a successor to PARPA I (Government of Mozambique, 2001). It shares the same priorities in the areas of human capital development through education and health, improved governance, development of basic infrastructures and agriculture, rural development, and better macroeconomic and financial management.

### **1.5.1. Discussion of Methodology: Limitations of Study**

Theories that provide important insights into the complexities of the political economy of development abound. This study embarks on an evaluative initiative to assess the consequences of political and economic reforms on the process of development in post-conflict Mozambique. This study took into account the fact that there is a huge gap between perceptions and reality in this field, which pointed clearly to the need for a quantitative methodology. As Leedy and Ormrod have argued,

when little information exists on a topic, when variables are unknown, when a relevant theory base is inadequate or missing—a qualitative study can help define what is important—that is what needs to be studied ( 2001: 150).

The study looked at data on Mozambique collected by leading international organisations. The data were able to provide trends leading to inferences of the path that Mozambique has taken in the post-conflict phase. Quantitative research provides the framework for the social researcher to undertake a research project based on the positivist traditions, by observing and going beyond the observations. Where there is a huge gap between perception and reality, which is particularly the case with the empty rhetoric of poverty reduction and the consequences of the political economy of development, a quantitative study is useful. As Mark Franklin has suggested: "...for elaboration to progress very far we need to employ quantitative analysis" (Franklin, 2008: 240). The political economy of development, to a great extent, involves poverty reduction and therefore requires elaboration. The aim of the study was thus to select from human development, macroeconomic and governance indicators and to observe them in order to determine the trends in the trajectory of Mozambique's political economy of development that they would reveal. To this end a quantitative study proved to be effective.

Undoubtedly, the objective of any good social research is to use a methodology that will provide concrete evidence on the issues being considered. In the social sciences, poverty, in its multi-faceted dimension, is complex and a difficult concept to study in relation to the political economy of development. Initially, the researcher considered designing a qualitative research methodology, which relies on narratives as people understand the social reality to be. The researcher realised that through the use of a quantitative methodology the social variables chosen would reveal trends that can be quantified to bring forth substantial inferences in this study.

While it would have been useful to conduct in-depth interviews and focus groups with local people on perceptions of government's chosen path of economic development, time and finances did not allow. The biggest limitation of the study was the absence of voices from Mozambicans themselves. Although the study was aided by an availability of data from leading international organisations, hearing the voices of people's 'lived experiences on poverty' would have benefited the research. It would have been useful to analyse people's perceptions, hopes and aspirations of what Mozambique's post-conflict political economy should look like. The study therefore lacks the insights that international policy makers, government and people could have

provided when analysing the trajectory of Mozambique's post-conflict political economy. In this light, economic growth and poverty reduction remain a subject which does not reflect lived experiences of people. It would have been useful to analyse quantitative data and, subsequent to that, conduct qualitative in-depth interviews. Although the quantitative data in this study place questions on Mozambique as a successful post-conflict story, qualitative data would have strengthened the argument by bringing in perspectives of lived experiences in Mozambique.

## **1.6. Organisation of the Study**

### ***Chapter Two***

Is about crucial developments that took place in Mozambique in the post-colonial era. This chapter takes into account the legacy that was bequeathed by colonialism, the civil war between FRELIMO and RENAMO, and the new government's insistence on the 'New Man' under the haze of scientific socialism. It reflects on the political economy of development under the Machel -led government and the demise of social engineering, and also highlights the inception of neo-liberalism in Mozambique, particularly just before and after the death of Samora Machel in 1986.

### ***Chapter Three***

Gives an historical review of post-conflict Mozambique. The challenges and opportunities of post-conflict reconstruction in Mozambique are highlighted. The chapter challenges the assumptions that Mozambique is a successful post-conflict economy. Critical scholarship is used to highlight political and economic reforms and to see if these variables have repercussions on the development process in the post-conflict state and set Mozambique on a trajectory of transformational development. The role of International Organisation and Official Development Assistance is also highlighted to assess Mozambique's quest for transformational development.

#### ***Chapter Four***

Analyses quantitative data on Mozambique's post-conflict political economy. This chapter provides empirical evidence on poverty and hunger, human development, macroeconomic and governance indicators to place questions on claims that Mozambique is a successful post-conflict story.

#### ***Chapter Five***

Provides a summary of the study. This chapter critically reflects on the conceptual frameworks by questioning neo-liberalism and how it pertains to Mozambique.

## **CHAPTER TWO**

### **MOZAMBIQUE'S POLITICAL-ECONOMY: FROM COLONIALISM TO POST-COLONIALISM**

#### **2.1. Introduction**

This chapter provides an overview of Mozambique's history since its incorporation into the global capitalist system starting with the advent of colonialism through to the advent of independence in 1975, and up to the end of the civil war in 1992. The history can be periodised as follows: a legacy of colonialism (1500-1975), the economic and social consequences of the policies of FRELIMO in the immediate post-colonial period (1975-1986); and the internal and external causes of destabilisation and finally, civil war (1977-1992). The purpose of the chapter is to highlight the relevance of history to understand and interpret trends that shape Mozambique's present day political, economic and social trajectories. It is shown here that the Nationalist political economy under the auspices of the 'New Man' achieved ambivalent results. FRELIMO alienated the rural peasantry and became repressive, leading to the creation of a vacuum in which RENAMO capitalised to wage the war of destabilisation. Furthermore, the fact that internal disruptions by the guerrilla movement, RENAMO, were detrimental to achieving the goals of the democratic socialist revolution is highlighted.

##### **2.1.1. Mozambique's Colonial History: 1500s to 1975**

Historically, throughout the voyages of discovery, Mozambique played a strategic role in Portugal's imperialist quest. However, entrenched Portuguese colonialism can be traced to 1503 when trading ports and forts became regular ports of call on the route to the East. From 1885 to 1926, a plantation economy and labour reserves were created, which cemented Mozambique's incorporation into the global capitalist economy. Colonial economic domination in Mozambique was deepened between 1926 and 1960.

Protracted rule by the Portuguese in Mozambique under which locals were subject to the dictates of the colonial government curtailed political, economic and social freedoms. Europeans had advanced the idea and practice of forming colonies in distant lands as an economical way of meeting their needs and desires. They defended this practice through “paternalistic” attitudes and practices, and, invariably, the Portuguese empire was built on this ideology. Mozambique was thus incorporated into the global capitalist economy through imperialism and colonial mercantile capital, which led to the subjugation of locals and a stratification of society.

Mozambique, like most African states, was crafted along the fault lines of colonial dominant classes, mercantile capital, imperialism, and the unequal exchange relationship that existed between a colonial petty bourgeoisie and underdeveloped African peasants (underclass). In addition, the borders constituting this modern African state were arbitrarily drawn when European states staked their claims on African territories with little consideration for the indigenous people therein (Tordoff, 1997: 1-2, 29-30).

Portugal’s imperial quest sought to dominate and subjugate newfound territories. As Mittleman has argued: “Encouraged by Great Britain to entrench itself at the state level to ward off French and Belgian claims to hegemony, Portugal strengthened its position in Mozambique by the 1880s, substantiating its claims for colonies at the Berlin Conference in 1884–1885” (1981: 26). From the time of Portugal’s ascendancy in the voyages of discovery, Mozambique remained a strategic player in that country’s global dominance. Pitcher notes that “in school, children were given a map of Europe, the so-called ‘rose coloured’ map, on which the Portuguese colonies were superimposed to convince children that Portugal was really a huge nation” (1993: 12). Portugal’s imperial greatness and its colonising mission were constant themes of the official ideology and public monuments.

For many Portuguese, it was difficult to imagine Portugal without its African possessions (Pitcher, 1993: 12). Imperialist domination led to the appropriation of property from the locals. As Mittleman has also argued: “[T]hrough a combination of conquest, military alliances, and payment in kind, the settlers alienated the lands of



the Africans” (1981: 24). Mittleman further points out that “under the terms of a policy adopted in 1901, the state extended its scope to include the rights to all land that was not privately owned” (ibid: 27). This move was counter-cultural, as traditionally, land in Mozambique belonged to royal families, and selected chiefs acted as arbiters of the right to farm, hunt and gather on these tracts. As Portuguese colonialism was entrenched, it destroyed the social fabric of pre-colonial governance, as the power of chiefs was curtailed to promote the interests of empire. According to Abrahamsson and Nilsson:

Through the institution of local regents (*regulos*) and ‘land guards’ (*cabos de terra*), the Portuguese attempted to involve in their colonial project that type of nobility which had deep roots in Mozambican culture and history, and thereby to exploit Mozambican society’s traditional principles of legitimacy for the exercise of power.... Frequently the traditional rulers did not accept this subordination, and as a rule the Portuguese then appointed other families or clans to these functions (1995:21).

The dismantling of the social structure was in tandem with Mozambique’s incorporation into the global capitalist economy. The demand for labour drove Portugal to create a slave economy that could supply burgeoning global markets. Mittleman notes that

between 1800 and 1850, Prazeros (non-European mixed race people) exported Africans from their estates, and slave trade became the chief means of accumulation. Approximately 10,000 - 25,000 slaves were traded per year during this period, depending on the demand and the success of the hunt (1981: 28).

Slaves were taken to the Dutch East India colony of the Cape and as far as Brazil, and as Abrahamsson and Nilson point out: “The French sugar planters on the islands of Reuniao and Bourbon in the Indian Ocean created a local demand for slaves” (1995: 22). However, Saul highlights a critical point, noting that “[t]he needs of a growing and industrialising European capitalism had developed far beyond luxury items and slaves” (1985: 38). Mozambique found herself under the whip of the global capitalist interests. Mozambique thus provided raw materials and foodstuffs, cheap labour, and profitable outlets for investments. And, as Saul has suggested, this task was fulfilled by a recognition that, rather than enter into a struggle over Mozambique, the more developed powers would leave the colony to Portugal, in the knowledge that an economically backward Portugal would have to let others exploit it for them (1985: 35).

Thus colonial conquest took the form of extraction of raw materials that served the interest of British, French and South African colonial mercantile capital. Mittleman suggests that, in the 1890s, Lisbon gave concessions to large merchant concerns —the Companhia de Mocambique, the Companhia de Zambézia, and the Companhia de Niassa— which were largely financed by Great Britain, France and Germany. Wuyts further points out that “Portuguese capital remained too weak to effectively organise the development of productive forces within the colony for its own accumulation requirements” (1979: 1) and that the colonial economy was strategically stratified: “The South became transformed into a labour reserve of South African mining complex<sup>2</sup>. The Centre and North came under the control of companies, which, in the centre, led to the development of a plantation economy” (ibid.).

The persistence of a forced labour thesis is clearly articulated in Eduardo Mondlane’s *The Struggle for Mozambique* (1969) as he notes that there was a “smooth transition from slavery to forced labour”. As Wuyts further argues: “A decree issued in 1899 stated that all natives of Portuguese overseas provinces are subject to the obligation, moral and legal, of attempting to obtain through work, the means that they lack to subsist and to better their social condition” (1979: 1-2). Plantations were developed where the locals were forced to work on sugar, sisal, copra, and cotton production. According to Mittleman: “[By] reaping surplus exorbitant taxes and forced labour, these firms acted as vehicles of merchant capital in the penetration of precapitalist formations” (1985: 27). Within their respective territories these concessions had administrative and political personalities in themselves and maintained a monopoly on tax collection, commerce and land. Thus, as both Wuyts and Mittleman note, labour power became a commodity under conditions of forced sale, culminating in the creation and maintaining of a quasi-slavery system, *shibalo*, or forced labour, for Mozambicans, which provided wages under contract while subjecting Mozambicans to oppressive and dangerous conditions<sup>3</sup>.

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<sup>2</sup> With the discovery of gold in the Transvaal in 1886, the South African mines increasingly drew on Mozambique as a source of cheap labour. They sequestered a large number of male workers from the southern provinces and encouraged reliance there on female and child labour. (Mittleman, 1981), p.27

<sup>3</sup> Both Wuyts and Mittleman arrive at this conclusion. (Wuyts, 1979; Mittleman, 1985)

Mittleman has elaborated thus:

Since traditionally private land tenure was unknown among Africans in Mozambique, the imperial authority came to possess virtually all plots worked by indigenous peoples. The state assigned land to “native” farmers and, to provide cheap materials for the textile mills in Portugal, forced them to plant cotton... The system of forced labour set back the development of farming among Africans, and productivity declined. (1985: 38)

Colonial expansion took new forms as opposition was faced in different phases. The Fascist solution that was proposed at the beginning of the 20<sup>th</sup> century in Portugal sought to restore the colonies to their rightful place. Hence, as Pitcher has argued: “Colonial rhetoric after 1926 emphasised Portugal’s imperial greatness, which stressed the indivisibility of the Portuguese metropole and its colonies” (1993: 12). Clarence-Smith suggests that

[f]ollowing a coup in Portugal in 1926, the new government of Antonio de Olivera Salazar embarked on a policy of reversing foreign penetration into Portugal’s colonial possessions. His ‘*Estado Novo*’ promulgated a series of laws, culminating in the Colonial Statute of 1930. The ‘*Estado Novo*’ was designed to put Portugal in a pre-eminent position with its colonies. (1985: 663-7)

Wuyts sums up the way in which Salazar synthesized the role of the colonies as follows

The overseas territories were a logical solution to Portugal’s problem of overpopulation, to settle Portuguese nationals in the colonies and for the colonies to produce raw materials for the motherland in exchange for manufactured goods (1979: 2).

Pitcher argues that “Mozambique was a law unto itself, run by foreign-owned concessionary companies with their own economic and political agendas” (1993: 12). Furthermore, the Fascist government sought to pacify colonial interests by tying them more closely to the Portuguese economy. However, the Salazar regime never challenged the dominant influence of South African capital over the southern part of the colony. The income that was earned from South Africa’s mining concession companies through forced labour provided stability and created a favourable environment for Portugal to maintain its budget and external payment position. As Wuyts has further argued: “[H]ence Salazar’s apparent paradoxical position of South African connection and his aloofness to the local settler interests” (1979: 2).

Furthermore, Salazar recognised that colonies had to be self-financing whilst at the same time being tied to the interests of Portugal. As Pitcher argues:

In making the colonies pay for themselves, metropolitan imports of colonial products such as sugar, coffee, cotton, and cacao were maintained or increased after 1933, often as a result of legislation forbidding foreign imports of these products (1993: 36).

Through this move, Salazar realised the need to build the Portuguese economy without injecting funds into the colonies, resulting in a stronger concentration of funds to build resources within Portugal. Oliver and Atmore further suggest that “[t]he economic development of the colonies greatly benefited Portugal itself and, by the early 1960s, about 25 percent of the national budget was derived from Africa” (2005: 268).

Oliver and Atmore suggest that, three decades after the Second World War, “the Portuguese empire in Africa proved an exception to the rule that a colonial system based in Europe could not resist the onslaught of African nationalism” (2005: 267). They note two reasons for this exception. Firstly,

Portugal was one of the poorest countries of Europe. It had a few industries and a standard of living not much higher than many African countries. Unlike those of other colonial powers, its colonial interests were considered not to be marginal but central to its economic existence (ibid, 268).

Secondly, Portuguese imperialism was premised on *romantic gloriana*: “[F]rom 1932-1968 the Salazar government consistently played upon the feelings of national pride and glorified the achievements of the Portuguese imperial past as an inducement to future greatness” (ibid.). However, this inducement to future greatness was premised on illusionary visions. Oliver and Atmore suggest that “[i]n 1951, the colonies were theoretically incorporated into Portugal as ‘overseas provinces’, but the inferior status of the African indigenas continued” (ibid.), and this became the bedrock of colonial resistance by FRELIMO. It also became an important factor in shaping the conflict that besieged the newly-created Mozambican post-colonial state.

### 2.1.2. FRELIMO and ‘The New Man’

The FRELIMO government championed the safeguarding of a democratic socialist revolution by giving power to the masses through the policies of the ‘New Man’. In 1977, FRELIMO clearly articulated its vision as a Marxist-Leninist party, with an emphasis that the new society was premised on nation building, the creation of national unity and the elimination of ethnic differences. Perhaps the ‘New Man’ can be clearly understood in what Hall and Young highlight:

...the FRELIMO elite and social strata to which it appealed were profoundly convinced of the superiority of modern civilisation and the need to ‘catch up’ with it. ... The only way to resolve these dilemmas was to see the *people as empty* (emphasis added), but possessing the values to develop. The old world is backward and unscientific; the colonial world is corrupt and oppressive. Further, there is a sinister link between the two because the corrupt colonial world took and indeed reinforced the worst traditions of the old ways and lost the best. ‘Feudalism’ and ‘capitalism’ neatly encapsulated the twin enemies (1997:65).

Samora Machel was firmly convinced that by undoing and dealing with the legacies of colonial capital and structures, nationhood and patriotism would be forged. This would further lead to a path placing Mozambique on a trajectory of socialist progress. The newly-elected president held that

[t]he new power is not something abstract. The new power is ourselves who with all our shortcomings must wield it. The ‘New Man’ should be able to wield the power and this initiative will not step down from a cloud. Our responsibility is greater although our capacity is still limited. But we have one great and decisive advantage: we have a correct political line, and the masses are with us (Machel, 1985).

For Machel, to create “The New Man” a tangible democratic system would be followed, and it was not based on abstract wishful thinking or empty idealism. Machel noted that

[t]he popular character of the power that is being built implies a genuine and profound democracy such as has never been known in our country’s history. And like power, democracy is not something abstract: if it is used to be tangible, we must create conditions for it to come into effect (1985).

FRELIMO under the Machel leadership adopted Marxism-Leninist principles to mobilise the ‘New Man’. As a vanguard party of the revolution, leaders stressed the importance of a radical transformation of colonial and traditional structures which

ensured the dominance of colonial capitalism and feudalism. FRELIMO remained suspicious of the role of traditional authorities and African socialism. As Cau notes: “Colonial territorial divisions that used to be ruled by the traditional authorities were replaced by the new territorial divisions with new rulers” (2004: 44). To promote democratic decentralisation, the ruling party abolished the chieftaincy by electing officials called the Grupos Dinamizadores (Dynamising Groups) which had aligned themselves with party interests. FRELIMO believed that traditional authorities supported the interests of the colonisers, the promotion of democratic governance, however, required the election of officials who were not elected through lineage and were free of any ethnic affiliations. As Cau also suggests: “The roles that traditional authorities had been performing under colonialism in relation to land administration were also given to the newly formed structures” (2004: 47). The alienation of traditional authorities and the peasantry have been suggested by some theorists as a causal factor of the war of destabilisation by RENAMO. This will be explained below.

This democratic socialist revolution faced an internal backlash and proved to be counter-productive. In the same year that adherence to Marxist-Leninism was pronounced, Cabrita suggests,

[e]xecutive, legislative and judiciary powers were vested in FRELIMO. As party leader, Samora Machel was also head of the state and government, the speaker of Parliament, and the chief justice, in addition to being the commander of the Armed Forces (2000: 85).

Machel, himself, had highlighted that in the pursuit of organising a democratic “life, the exercise of power, its form and methods, must correspond to FRELIMO’s principles” (1985). In doing so Machel hoped that democracy would be organised around the statutes found in Chapter VII of FRELIMO’s charter: free discussion, the submission of the minority to the majority, collective responsibility, and criticism and self-criticism as regards work and behaviour (1985). For example, although the Machel-led government had placed emphasis on the development of the rural peasantry; the peasantry was not incorporated into the democratic life. Modernisation of agriculture was seen as a precondition for take-off. However, as Abrahamsson and Nilsson suggest: “Development planners had insufficient knowledge of the realities of

the rural areas” (1995: 30). It meant that the rural peasantry was depoliticised as governance structures were abolished to reflect the interests of the party. According to Abrahamsson and Nilsson, “the planning process was further divorced from Mozambican reality by the presence of Soviet and East European state officials and planners” (1995: 30).

A pessimistic prophecy of Africa’s governance failure was thus fulfilled, as the seeds of dictatorship were evident in the new political system. Machel indicated that

[t]he new Mozambican regime, was prepared to go to great lengths to impose the will of those classes, even if it meant forcing those who refuse to accept such an imposition, and to repress those who oppose such a will (1985: 33).

FRELIMO thus demanded that Mozambicans be turned into a caricature of what the elites wanted society to follow. Cabrito further notes that, “[u]nity of thought became a feature of Mozambique’s new political vocabulary. The eradication of all forms of organised political opposition having been successfully accomplished, FRELIMO turned on its own supporters” (2000: 86). According to Newitt,

Machel’s style of self-exhortation, his appeals for self-sacrifice and hard work might succeed in war time and might be relevant in facing emergencies; however, the party was deliberately exclusive and its policies alienated large sections of the population (2002: 207)

This move confirmed what most African historians, such as Cooper (2002) and other political commentators, have stated, that Mozambique merely moved from one form of totalitarianism to another —and in this case, specifically from Fascism to Leninism, for behind the mantra of modernisation, Machel was haunted by the residues of the colonial past and woven with garments that had authoritarian tendencies. As Newitt further clearly elaborates:

Behind Machel’s Marxist rhetoric was a politician very similar to the first generation of African nationalist leaders for whom the ideals of the anti-colonial struggle and of non-tribal, non-racial nationalism were a real motivating force, in marked contrast to the military dictators and corrupt politicians who were soon to succeed them and who were protected by the superpowers during the Cold War (2002: 207).

### 2.1.3. Mozambique's Post Colonial Political Economy—1975 to 1986

When independence was achieved in Mozambique, the triumphant FRELIMO government embarked on a path of modernisation and the creation of a new society under the auspices of the 'New Man'. Mozambique inherited a tumultuous colonial past which had systematically curtailed political, economic, and social freedoms and remained one of the most underdeveloped countries in southern Africa. FRELIMO thus sought to undo the victimisation of the past through social engineering. FRELIMO's optimism under the Machel leadership championed a new direction which encompassed a political economy that was centrally planned.

The realisation of this ideal was placed in the hands of FRELIMO as a vanguard party. A transformed political economy would be achieved by what both Hanlon (1990) and Saul (1985) saw as a "non-aligned foreign policy and a socialist domestic policy". Machel's conviction irrevocably echoed the words of FRELIMO's first president Eduardo Mondlane:

I am now convinced that FRELIMO has a clearer political line than ever before. The common basis which we all had when we formed FRELIMO was hatred toward colonialism and the belief in the necessity to destroy the colonial structure and establish a new social structure. But what type of social structure, what type of organisation we would have, no-one knew. No, some did know, some did have ideas, but even they had rather theoretical notions which were themselves transformed by the struggle. Now, however, there is a qualitative transformation in thinking which has emerged during the past six years which permits me to conclude that at present FRELIMO is much more socialist, revolutionary and progressive than ever and that the line, the tendency, is now more and more in the direction of socialism of the Marxist-Leninist variety. (Mondlane, 1969).

In the first five years after independence, impressive progress was made. For example, Hanlon has pointed out that there was an improvement in the health sector: "A vaccination campaign in 1976-78 reached 95% of the population and provided a highly accurate forecast for the 1980 census" (1990: 9). This move led organisations like the WHO to label Mozambique as a success story. According to Hanlon,

[a] WHO survey in 1982 showed that 81% of rural children had been seen at least once by a health worker, an incredible percentage for Africa, and two-thirds of rural health posts surveyed had a sufficient stock of essential drugs (1984: 9).



This was a direct result of an approach that sought to re-organise the economy to meet Mozambique's social goals. The Machel government embarked on a programme that clearly had an anti-capitalist sentiment. Pitcher contends that "much evidence supports the argument that the government was reactive rather than proactive, tactical rather than ideological in the first two years after independence" (2002: 38). Pitcher notes that "the rate of settler departure in the initial years of independence lends credence to claims that government measures were reactive rather than revolutionary" (ibid.). She further suggests that this move reveals some of the compromises that were made during the early years, which would later shape the trajectory of the command economy and the transition to a free market one (Pitcher, 2002: 38).

As soon as independence was achieved, laws were enacted to confiscate private banks and schools, hospitals, doctors' practices, and legal chambers. Cabrita further suggests that "[a]s a result of these measures, coupled with the sense of insecurity stemming from arbitrary police action since the transition to independence, the exodus of whites gained momentum" (2000: 109). Mozambique was thus deprived of crucial skills which formed the backbone of the economy. In response, the FRELIMO government, in early 1977, ordered the expulsion from Mozambique of white settlers who were entitled to dual citizenship and the confiscation of their property (Cabrita, 2000: 108). Whether this move proved led to the demise of the economy will be discussed below.

The newly-independent state embarked on a process of nationalisation. Lacking a skilled workforce, the FRELIMO government took over what had been left by the colonial government and also built upon, and continued, a colonial legacy of state intervention. They maintained a controlling hand by inhibiting private competition and therefore assumed the ownership of all assets formerly belonging to the state. The government also controlled the rural economy by controlling production of the peasantry. As mentioned earlier, after independence, much attention was paid to collectivisation of farming following the Soviet style, bolstered by the importation of fully-mechanised agricultural machinery from the Eastern Bloc. However, as Tarp and Igel Lau have argued, "numerous communal villages were established, but the

inability of government to provide adequate support on a continuous basis for their development gradually undermined peasant confidence in FRELIMO” (1998: 290).

However, in implementing these policies, FRELIMO had underestimated a backlash against the revolutionary rhetoric used in an attempt to rally support to build a successful democratic socialist state. As John Saul puts it: “In the forums provided, peasants had raised their voices loud and clear regarding the negative impact upon them of misguided development policies” (1985: 38). Wuyts further clarifies “that FRELIMO had in any case long underestimated the danger of class formation within the peasantry and the threat that could pose to a long term sustaining of the socialist impulse in Mozambique” (1986). This move led to the alienation of peasant farmers, with particular reference to the role they played in this agrarian economy. It marked the decline of the economy as party interest had logically failed to build confidence among the peasantry. As Tarp & Igel Lau suggest,

[t]he government increased its support for private farmers in 1983 by improving the allocations of machinery and inputs, but producer prices for marketed crops were kept below market clearing prices which discouraged farmers from selling their output on official markets (1998: 291)

Despite signs that the economy was heading towards collapse, FRELIMO under the Machel leadership unveiled an ambitious ten year plan in 1981 (Plano Perspectiva Indicativo [PPI]). Machel further expected the 1980s to be the ‘Decade for the victory over Underdevelopment’. Four key programmes formed the core of the plan: “(1) cooperativisation of the countryside, (2) creation and development of heavy industry, (3) development of a state agricultural sector, and (4) massive human resource development” (Tarp & Igel Lau, 1998: 290). It was expected that growth would average 17% and agricultural production would increase fivefold. Industrialisation would be entrenched with a strong emphasis placed on the production of iron and steel, aluminum, chemicals and fertilisers from gas, paper and heavy engineering goods (ibid).

With the benefit of historical hindsight, it can be seen that FRELIMO underestimated structural legacies that had bedeviled Mozambique since its birth. At the Party’s Fourth Congress in 1983 limitations of the plan were noted. This did not improve the trajectory of economic development. As Tarp & Igel Lau have noted:

“The centralised control and structure of the economy remained intact, and real GDP decreased at an average rate of 3.5 percent per year from 1981 to 1986” (1998: 292). The increasing threat of South Africa’s destabilisation by arming RENAMO also exacerbated the decline of the economy. Economic decline was only in the initial stages for both the war of destabilisation and the pursuit of socialist central pushed the economy into decline.

In sum, socialist central planning adopted by FRELIMO at independence failed to achieve the goals that had been set. For example, Abrahamsson & Nilsson, in terms of agricultural performance, note that “of the planned 15, 000 cooperatives, by 1983 only 350 had been set up, most of them with huge administrative problems” (1995: 49-50). Tarp & Igel Lau further argue that “the recession caused by the war and the grossly overvalued exchange rate had disastrous effects on exports, and the increasing difficulties in trading made the situation even worse” (1998: 293). Furthermore, Tarp and Igel Lau note that “by 1985 exports of goods and services were less than 30 percent of the 1980 level, and imports contracted as well” (ibid). It therefore merits re-emphasis that Mozambique’s socialist political economy was a failure, however, this section will assess why that was the case, for there are different explanations proposed. Tarp & Igel Lau articulate the following situation towards the demise of the socialist project:

Consequently Mozambique became heavily dependent on foreign grants and loans. At the end of 1986, Mozambique had a total outstanding international debt of US\$3.4 billion as compared to US\$750 million in the early 1980s, and scheduled debt service reached 275 per cent in 1986. Moreover aid flows accounted for more than half of GDP, and capital expenditures-which remained stagnant in monetary terms during 1981-88-were almost completely donor financed by 1986, leaving little room for the government to manoeuvre (1998: 293).

For commentators, difficult questions are raised in attempting to assess the failure of socialist central planning in post-colonial Mozambique. Did socialist central planning fail because socialism was not given a chance to develop as a result of internal factors, or was the international climate hostile to socialist progress? Hanlon has argued that “FRELIMO’s most serious error was to assume that it would pursue a non-aligned foreign policy and a socialist economic policy” and suggests that this was naivety on their part. He further argues that the mistake that FRELIMO made was to assume that it had real freedom of choice (1990: 17). The choice was to be found in a

strong affirmation that, as a vanguard party of the socialist revolution, the party would not be subject to criticisms by the masses.

These arguments do not go beyond the nuances of revolutionary rhetoric. Hanlon strongly believes that if the socialist democratic revolution was not fiercely competing with the capitalist bloc, development would have been fostered. Some commentators have questioned whether revolutionary rhetoric led to a mass exodus of Portuguese skills, leading to the economic failure. The argument put forward is that Mozambique lacked human capital that could amass skills and set the country on a trajectory of progress and change.

These explanations are inadequate, for they attribute societal collapse to the inability of ingenuity and transformation. The argument in this study is that the 'New Man' depoliticised Mozambican citizens. FRELIMO, as a party, laid a foundation from which a fragmented citizenship would emerge, and unequivocally used war and external global conditions as an excuse to curtail revolutionary progress. Although the post-colonial ruling elite had a clear idea on what was to be done, even with comparisons to other postcolonial African elites, perhaps a clearer explanation is to be found in what Newitt argues, and what most commentators agree on, and which is a central thesis of the argument in this section:

The FRELIMO leadership attempted a radical reconstruction of Mozambique's society and economy at a time when, as a result of partly of natural disasters and partly of the chaos of the decolonisation process, the machinery of government and the economic infrastructure of the country were on the verge of collapse, and when southern Africa itself was about to sail into the eye of the geopolitical storm which marked the final phase of the Cold War (2002: 195)

FRELIMO's agenda underestimated the pace of social change itself. The political project became inward-focused, though relying on Soviet support, and lacked the foresight, therefore, to plan effectively the path of socialist transformation. The civil war also brought destabilisation to the ruling party. Despite FRELIMO's insistence on nation-building between workers and peasants, the advances of RENAMO leading to a full scale civil war revealed cracks in the era of socialist experimentation.

According to Abrahamsson and Nilsson:

The Mozambican state was never a nation-state with legitimacy but a state-nation project still engaging in nation building. It was held together only as long as the state's abilities to protect citizens from violence could be maintained and as long as it could guarantee the most basic supply requirements. This legitimacy was seriously undermined by the destabilizing war and the collapse of the economy (1995: 93)

## **2.2. The Civil War—1977 to 1992**

Mozambique<sup>4</sup> emerged from a protracted liberation war (1964–74) that was fought to oust Portuguese imperialism, and was almost immediately plunged into a civil war in 1977. Although Samora Machel had envisioned a society deeply entrenched within the values of the 'New Man' in which ethnicity was not politicised, it resurfaced to haunt the modernising bureaucrat. Manning notes that after independence "FRELIMO arrived in Maputo seasoned by a series of internal leadership struggles that produced both a firm ideological project and a number of dissatisfied elites, most of whom were from the center and north of the country" (2002: 38).

The seeds of resistance had been sown and culminated in the formation of RENAMO, backed by powerful external allies, such as the Rhodesian security forces who were at the time engaged in their own liberation struggle in present-day Zimbabwe, and civil war ensued. With the perceived threat of a Nationalist black government, the external nature of the conflict escalated as, in the 1980s, RENAMO was picked up by a new patron, South African military intelligence, who sought to use the group to destabilise neighbouring Mozambique. Mozambique thus became a battleground of Cold War politics, as various initiatives were taken to end the war.

FRELIMO failed to address systemic regional differences that were also salient features of Mozambican society before independence was achieved. This was evident in the case of FRELIMO's leadership, which bolstered Eduardo Mondlane,

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<sup>4</sup> For a further analysis of the post-conflict peace building and democratisation, see the researcher's writing on 'Mozambique's Post-Conflict Reconstruction: Analysis of the Political, Economic and Security Dimensions (1992-2007)', done in partial fulfillment of the requirement of a Honours Degree in International Relations at the University of Cape Town, South Africa.

Marcelino do Santos, and Samora Machel and Joaquim Chissano, Mozambique's first two presidents after independence. All but dos Santos were born in Gaza province. As Manning suggests:

Foremost among these [failures] were a sense of ethnic and regional domination (by southern groups against the center and center-north) and heavy-handed attempts by the new FRELIMO government to displace existing social and economic relations in the countryside without prompt and effective replacements (2002: 39).

Against the background of perceived ethnic prejudice, a group of disenchanted leaders who were in opposition to the southern leadership used their expulsion from the hierarchy of FRELIMO as a vehicle to mobilise the civil war. They were: Uria Simango and Mateus Gwenjere from Sofala, and Lazaro Nkavandame, of Cabo Delgado. Furthermore as Hall and Young (1997) and others have pointed out, RENAMO proved quite adept at incorporating powerful cultural references into its military and political strategies. In this, it resembled armed groups in Liberia, as described compelling by Stephen Ellis (1999).

Although it is assumed that RENAMO remained a guerilla unit without a clear political plan, it relied on the abolition of the chieftaincy and the alienation of rural peasantry by FRELIMO to launch its attacks. This argument is contentious though, as this is not the causal factor of the war. Several scholars note that RENAMO exploited the weakness in FRELIMO's position of totally dismissing traditional authorities, even those who were willing to subject themselves to a democratic election process through re-establishing them (Wilson, 1992; Alexander, 1994; 1997). According to Cau (2004), various studies show that RENAMO was a foreign-created movement that acted against the population; not only the post-independence authorities, but mainly ordinary rural people —burning their houses; mutilating and killing, robbing them of their belongings, kidnapping, etc. (Magaia, 1988; Minter, 1989; 1994).

There seem to be no grounds to attribute the main cause of the war to the political alienation of chiefs and the rural peasantry. What is clear though, as noted by Vines (1991), is that RENAMO was a successful rebel movement. At the peak of the war, it operated in all the ten provinces of Mozambique. It can be pointed out that RENAMO, through the use of terror, force and coercion manipulated the rural areas to

their advantage. In Manica for example, Alexander affirms that RENAMO sometimes invented chiefs in positions of authority (1997: 10). However, this was a symbiotic relationship which thrived on the false provision of political security through the use of terror. As Cau elaborates:

Alexander (1994; 1997) claims that even in areas where RENAMO had a certain degree of support and where it re-established the traditional authorities (like some areas of Manica and Sofala provinces), people and the traditional authorities soon became dissatisfied with RENAMO's restrictions on movement, and extraction of food and labour, (2004: 58).

The war, coupled with economic collapse internally, led to the demise of the socialist period, particularly in the 1980s. Arndt suggests that

[i]t was clear that drastic economic reform measures were required, but even more pressing was the need for peace, as repeatedly stressed by Samora Machel, until his death in a plane crash in South Africa in 1986 (1999: 4).

The first attacks by RENAMO were reported soon after independence, in 1977 (Manning 2002). By July 1982, *Africa Confidential* was reporting that the provinces of Manica, Sofala and Inhambane “are considered unsafe outside the main towns” (Manning 2002). Manning also notes that “[i]n 1984, Mozambique and South Africa signed the Nkomati Accord, designed to halt hostilities between the two countries and end support for one another's armed opposition, however the war in Mozambique carried on” (2002: 38).

Vines further notes that “day-to-day RENAMO operations had by late 1983 become the responsibility of RENAMO itself; even South African military intelligence found its influence on RENAMO diminished” (1994). The hope of a peace agreement seems to have been far-fetched, as FRELIMO and RENAMO would fight for more than fifteen years before signing the GPA in Rome in 1992. The civil war debilitated Mozambique's social and economic infrastructure. This is pointed out by Manning:

The conflict was characterized by the routine resort to violence against civilian populations, the systemic use of terror meant to bolster relatively weak military capabilities, the widespread use of child soldiers and forced labour, and the establishment of economies of pillage (2002: 38).

Hanlon also points out that during the war, health posts were closed or destroyed by RENAMO, and he further estimates that 60 percent of all primary schools were destroyed or closed. In addition, more than 3000 rural shops were destroyed or closed, and most never re-opened (1996).

The FRELIMO government was in talks with RENAMO to end the civil war. This was further demonstrated in FRELIMO's renunciation of its place as the single legal political party in Mozambique and the writing of a new Constitution in 1990, enshrining principles of liberal, multiparty democracy. The signing of the GPA came after a sudden collapse of the Eastern socialist bloc. Furthermore, the post-Cold War phase instilled a conviction in the realms of international institutions that democratisation was a possible answer to solve economic crisis and civil war, a point that will be elaborated in the next chapter. Manning further suggests that at

the eve of decolonization, democracy was introduced in response to a political and logistical problem; the transfer of power from colonial authorities to independent African states. Similarly, the democratic transitions of the 1990s have been demanded (by protestors and donors) and undertaken (by African governments) primarily for instrumental reasons (2002: 16).

### **2.2.1. Foreign Relations Under the Machel Regime**

A myriad of reasons explain why Mozambique's political economy landscape was informed by the global political relations in the second half of the 20<sup>th</sup> Century. The anti-colonial struggle had been mobilised with the goal of creating a 'new society' and ridding Mozambique of the vestiges of colonialism. This entailed undoing everything that the Portuguese empire had brought into being. Crucially, the Cold War context provided a playing field for the newly-elected Mozambican government under FRELIMO to choose an alternative system to capitalism. However, this was a minefield through which it required delicate maneuvering to negotiate. FRELIMO under Machel sought to strengthen and create allies internationally and across southern Africa. Internationally, several members of the FRELIMO party worked tirelessly to incorporate Mozambique's political and economic ideology into the socialist world through COMECON (Council for Mutual Economic Assistance), as well as maintaining cautious relations with the US and Britain.



Marcelino dos Santos, a senior figure in FRELIMO, pointed out that one had to understand that Mozambique's participation in an organisation like COMECON was a natural development in the socioeconomic process of the People's Republic of Mozambique; it was part of COMECON's natural growth<sup>5</sup>. Henrisken noted that the People's Republic of Mozambique had embarked on a course similar to Maoist China's *self-help* and *self-dependence* (emphasis added) (1978: 228), as expounded in Mao's *The little red book*:

On what should our policy rest? It should rest on our own strength, and that means regenerations through ones efforts. We stand for *self-reliance*. We hope for foreign aid but cannot be dependent on it; we depend on our own efforts, on the creative power of the whole army and the entire people (Mao Zedong, 1964).

Furthermore, Mao propounded that this struggle was not only for China, it extended to all the world and peoples that were opposed to imperialism (1964). This opened the way for countries in the Eastern block to remain important donors and players in financing the development project in Mozambique. The globalisation of politics in Mozambique is not a novel phenomenon, as it stems from international involvement since the inception of Portuguese rule. This was perpetuated in the new republic through the alignment of the 'New Man' with Mao's ideals of self-reliance, whilst at the same time expressing dependence on the socialist bloc, specifically with Russia.

However, the aspirations towards inclusion in the socialist world and the benefits of this were dashed. As Newitt points out: "Mozambique's application to join COMECON was turned down in 1981, and the country found itself without strong flows of aid or international credit" (2002: 206). Russia vetoed Mozambique's application to join COMECON but maintained that it would neither increase aid nor decrease it. This move served to highlight the polarised nature that was evident in Mozambique's foreign policy. Firstly, as Hanlon has suggested: "To the Soviet Union, Mozambique was merely a 'Marxist oriented' country which would provide no military bases and was too far away to be of much interest" (1990: 28). In retrospect, argues Hanlon, Mozambique received all the flak but none of the benefits that were enjoyed by states in the middle of the East-West conflict. Secondly, as

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<sup>5</sup> *Noticias*, Maputo, 10 July 1981, p.3

Hanlon has suggested: “To the US Mozambique was a ‘Marxist Soviet satellite’, and hence South Africa’s destabilisation was acceptable” (ibid.).

Cabrita suggests that, ideologically,

FRELIMO made its realignment with the Eastern bloc countries more obvious. FRELIMO regarded them as its natural allies. From the 1970s onwards, FRELIMO strengthened ties with the Moscow-aligned Portuguese Communist Party (PCP) and its armed wing, the Accao Revolucionaria Armada (ARA) (2000: 66).

China and Tanzania served as models of inspiration with regard to achieving the democratic socialist revolution and foreign policy. However, historically there had been strained relationships with other socialist countries. After the 1965 Che Guevara fiasco<sup>6</sup>, the Cubans forged strong relations with FRELIMO. Marcelino do Santos was reported to have said that “[u]ntil then, Mondlane had ensured a balanced East-West position as well as an independent position within the Sino-Soviet dispute”<sup>7</sup>.

However, the relations were further complicated. As Abegunrin has argued:

The rivalry between the two Communist giants was extended to southern Africa where the USSR and the People’s Republic of China were competing to influence the liberation Movements and the Frontline states (2007: 316).

Initially, FRELIMO was able to balance military assistance from both China and USSR, while at the same time remaining neutral. Eventually, as Cabrita suggests, “the Machel-Santos leadership sided with the Soviet Union and those under its sphere of influence, turning its back on the Chinese” (2000: 67). As Abegunrim further suggests:

Mozambique broke relations with China not over ideological issues but simply in order to obtain sophisticated military hardware from the Soviet Union; as this weaponry would safeguard Mozambique’s sovereignty against the threat posed by the hostile regimes in South Africa and Rhodesia (2007: 319).

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<sup>6</sup> Cuba supported guerrilla organisations in various Latin American countries. In Africa, which Guevara saw as ‘imperialism’s weak link, Cuba planned to mount a military campaign against Southern Africa’s white regimes. However, relations proved to be tumultuous with the FRELIMO leader. Mondlane had refused military assistance and remarked that Guevara had behaved ‘like a doctor, extremely conceited, without paying attention to his interlocutors’. The Cubans lambasted Mondlane for his unsavoury remarks, referring to him as a FRELIMO president ‘who travels to the United States more frequently than a State Department ambassador’. Cabrita, p.45

<sup>7</sup> Marcelino dos Santos, in an interview with Radio Mocambique, 100 GMT 21 and 22 June 1988

Socialist experimentation was on the demise in Mozambique as Soviet support was on the decline. The ushering of a democratic tide at the end of the 1980s and beginning of the 1990s across the world, the collapse of the Berlin Wall on 9 November 1989; the balance of world power shifted, as Communism imploded and Soviet military power began to wane. This was partly due to the vision that Soviet leader Mikhail Gorbachev represented by his introduction of the concepts of *perestroika* (restructuring) and *glasnost* (openness), which were intended to bring about a measure of democratic accountability to the system.

Regionally, the democratic socialist revolution faced the impeding effects of two white colonial and totalitarian regimes, in Rhodesia (Zimbabwe) and South Africa, which were fiercely opposed to Black Nationalist rule in Mozambique. The Machel government was committed to the advancing of a stand on international affairs by which it not only declared itself as a Marxist-Leninist state, but as also having a non-aligned policy. From a strategic angle, the Machel government believed that Non Aligned states such as Sweden and the Netherlands would continue to provide sufficient aid to enable the country to evade the clutches of the US-dominated World Bank and IMF, which were beginning to flex their muscles in Africa. This move proved to be counter-intuitive as the Cold War bolstered support to arm neighbouring South Africa and Rhodesia to contain Mozambique, a pariah state. Newitt further suggests that

[t]he non-aligned stance served to alienate its immediate neighbours, Rhodesia and South Africa, as well as the US and its allies which began to look on Mozambique as another domino that had fallen to communism<sup>8</sup> (2002: 206).

In the end, faced with a collapsing economy coupled with the fact that international policy-making in the West had shifted towards an intense alienation of socialist states, Mozambique had limited choices. Within this context, Mozambique had to garner support from the Socialist bloc, and already events in most of these countries pointed toward revolutionary change. To the north, Tanzania remained an important and strategic ally. Kaunda in Zambia remained unequivocally committed to ridding southern Africa of colonial regimes. However, relations with Kamuzu Banda

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<sup>8</sup> Particularly after FRELIMO expelled a number of US diplomats in 1981, alleging that they were spies.

of Malawi remained strained, as his regime was supported by the Western capitalist bloc. Winds of democratic change swept over most of southern African states; a move toward democratisation seemed inevitable, leading to the collapse of self-proclaimed socialist regimes in Zambia under Kaunda and Nyerere in Tanzania, and the authoritarian government of Kamuzu Banda in neighbouring Malawi.

Contestations are rife as to whether Mozambique came to independence in a relatively benign or malevolent period of global political-economic relations. The US had suffered defeat in the Vietnam War, and Ronald Reagan's election as US president in November 1980 derailed discussions of increased peaceful cooperation and dialogue. Hanlon argues that

Reagan intensified the Cold War through a series of proxy wars in Angola, Nicaragua and Mozambique, where the US backed and helped to create, openly or covertly, armed opposition forces (2008: 9).

Newitt also contends that the Reagan and Thatcher administrations were unsympathetic to Mozambique's plight and saw in the Mozambican situation a way of using local conflict to further Reagan's favourite concept of 'constructive engagement', in other words, bringing about controlled change in the region along lines favourable to Western interests (2002: 213).

The apartheid regime was deemed by the US and other Western bloc countries as a strategic ally in containing communism in the neighbouring southern African states. Mozambique, however, pressed for a peace treaty with South Africa, years before Machel was killed in a mysterious plane crash in 1986. *The Nkomati Accord* was signed in 1984, with FRELIMO believing that this would pave a way for progressive peace and curb South Africa's continued support to RENAMO. The reasons for the signing of the treaty on the part of apartheid South Africa are obscure. However, some analysts have highlighted that South Africa wanted to maintain geo-strategic influence to generate power from the Cabora Bassa Dam and that the overthrow of the FRELIMO government had never been South Africa's objective. As Newitt further argues: "This premature attempt at peace rapidly broke down, however, as RENAMO insisted that elections for a new government should be part of any new deal" (2002: 214).

## 2.3 Conclusion

Nearly eleven years of socialist experimentation through the policies of the 'New Man' produced results that conflict with the ideals that FRELIMO espoused when Machel came to power. This chapter has provided the chronology of historical events that help to explain Mozambique's present day dilemma. The chapter has argued that the choices that were made during the phase of socialist experimentation need to be evaluated against the socio-political history of Mozambique. As a former colony of Portugal, Mozambique inherited structural inequalities as a result of an oppressive colonial system that repressed political, civil and economic liberties. This was a system that also stratified slave labour and created clear distinctions between citizens and subjects.

This system bequeathed structural legacies (political and economic institutions) that the Nationalist government under Machel had to deal with. Ideas for a democratic socialist revolution were rooted and grounded in legitimate concerns. The FRELIMO government sought to undo the victimisation of the past by creating a new society, one that was not burdened by the past. The political economy emphasised a domestic socialist policy and a non-aligned foreign policy.

In retrospect, socialist central planning failed to achieve the goals of the revolution. The revolution faced internal and external struggles. Internally, the FRELIMO leadership underestimated class struggles with the peasantry, and used coercive tactics to rule, thus becoming repressive and an authoritarian regime. Chieftaincy was abolished, creating a vacuum that was manipulated by RENAMO to wage the war of destabilisation. Although RENAMO relied on the lack of traditional forms of governance, this was not the direct causal factor of the war. The war was a result of unsettled ethnic questions that arose to challenge the quest of an ethnic-free Mozambique by the Machel regime.

Externally, several strategic relationships remained unclear. Mozambique was seen as a pariah state by Western countries which saw the continued support of South Africa to the rebel movement, RENAMO. Mozambique's aspirations to be part of the

Socialist bloc in a Cold War context achieved ambiguous results. Although Russia extended support to the Machel regime, this was insufficient to cement the democratic socialist revolution. This was further exacerbated by the fall of the Soviet Union, a move which sparked Mozambique's policy to look West.

# **CHAPTER THREE**

## **MOZAMBIQUE’S POST-CONFLICT POLITICAL ECONOMY: PROGRESS IN AN ERA OF NEO-LIBERALISM (1992–2009)**

### **3.1. Introduction**

The era of the “New Man” was replaced by experimentation with neo-liberal economic reforms and political liberalisation (liberal democracy) as a panacea for problems that were bequeathed by imperialism and colonialism in Mozambique. In 1986, when Samora Machel died in a mysterious plane crash, a move towards political and economic reforms seemed inevitable. This chapter is a discussion of the challenges and opportunities in post-conflict Mozambique. Arndt notes that “[e]conomic collapse became inevitable in 1986, and a set of market-oriented policies was formulated under the auspices of the IMF and the World Bank” (1999: 4). This chapter will delve into the debates about whether political and economic reforms implemented so far have had the desired results in terms of stabilising and adjusting one of the poorest countries in the world and whether a sound foundation for future growth has been established. Since the inception of political and economic reforms, the World Bank and IMF have reported that development in Mozambique has been revolutionary. The first section deals with the political context when the GPA was concluded. The dilemmas and challenges of democratisation are highlighted. The section following that is a discussion on the economic dilemmas.

The purpose of this chapter is to provide literature that contests the view that Mozambique is a success story, as neo-liberals have claimed. It is argued in this chapter that Mozambique has become too aid-dependent, as was the case in the final declining stages of the democratic socialist revolution. Of vital importance to this discussion is the emergence of the critical account of neo-liberalism in its present form and debates around this. The sixteen-year post-conflict period will be divided into two phases: 1992–2002 and 2003–2009. The period 1992–2002 is filled with landmark events; the first decade of democratic reforms began with the signing of the

GPA in 1992 and includes the holding of two elections in 1994 and 1999, culminating with the tenth anniversary of the Peace Agreement in 2002. The period 2003–2009, marks the second generation of political and economic reforms and democratic consolidation. Elections were held in 2004, with FRELIMO winning a convincing victory. This period is also marked by massive aid injections by donor governments and debt cancellation in 2005. It culminates in the holding of a fourth democratic election in 2009, which FRELIMO controversially won.

### **3.1.1. Post-Conflict Political Transformation: The Tortuous Road to Democratisation (1992–2002)**

The protracted civil war came to an end when the GPA was signed in 1992, and Joaquim Chissano was elected President in 1994. In the new dispensation, FRELIMO retained government control, while the former rebel movement, RENAMO, became the main opposition party. The transition to democracy in Mozambique was also precipitated by fundamental changes in, what many scholars have argued, was a benign international political environment. The collapse of Soviet Russia and the demise of apartheid in South Africa removed many of the external economic and political forces that were behind the devastating internal strife of Mozambique during the 1980s.

Various explanations are given on how Mozambique was able to move from a bitter conflict to democratisation. Some scholars and practitioners point to the international context and the role played by ONUMOZ. This position credits the United Nations with having played a central role because it was willing to contribute a large number of peacekeeping troops and financial resources to manage demobilisation and elections in Mozambique. The UN operation in Mozambique cost \$700 million and involved 6239 troops. Walter (1999), in particular, writes that the presence of a large UN force presented a credible commitment that the provisions of the peace accord would be held. Yet focusing solely on the United Nations ignores the complexities that the GPA was a fragile agreement. As Walter points out: “The political guarantees gave RENAMO confidence that it would challenge the government, the military guarantee made RENAMO feel safe, and the territorial



guarantees of a dual administration prevented RENAMO's obsolescence" (1999:150). Dennis Jett, former U.S. ambassador to Mozambique during the implementation period, reflects that a more complete operation would entail that the UN remain behind to build political institutions<sup>9</sup>.

Other scholars and other practitioners suggest that weak internal and external resources and support for Mozambique's civil war at the time helped to bring the war to an end and a political settlement ensued. For example, Hume notes:

Although this conflict had international and regional connections, it was fundamentally a domestic conflict fought by Mozambicans. National identity was not an issue: both sides at least agreed on being Mozambicans. The argument was over who should govern and how they should govern (1994: 144).

Further, Hume argues that "[t]he international factors affecting the conflict became favourable to a settlement, and President Mugabe, once FRELIMO's comrade-in-arms, eventually became the senior statesman supporting the peace process" (1994: 144). Yet this view also widens the chasm to understanding the transition; as Bekoe, argues differently, offering a new perspective on the Mozambican political settlement. She notes that both positions miss the essence of the implementation period in Mozambique by not drawing out the mechanisms by which the parties continued to negotiate with each other in the absence or weakness of institutions (2008: 26).

If a peaceful political settlement was a quintessential position that both parties were aspiring towards, this merits close examination with particular reference to post-conflict democratisation. Indeed, how did RENAMO, a guerrilla movement best known both inside and outside of Mozambique as an organisation "without a political program"<sup>10</sup>, sustained by external support and an army of captives, complete its transformations into a political party in time for the country's first multiparty elections and agree to a negotiated settlement? While Hume marvels at the fact that

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<sup>9</sup> Dennis Jett, telephone interview (September 26, 2001) with Dorina A. Bekoe in *Implementing Peace Agreements: Lessons from Mozambique, Angola, and Liberia* (2008)

<sup>10</sup> Roland Paris notes that this rebel organisation aimed to undermine the FRELIMO government, but beyond that goal, it lacked a political programme and received little encouragement from the population within Mozambique. *At war's end: building peace after civil conflict*. (New York : Cambridge University Press, 2004)

the conflicting parties “throughout the peace process, emphasized that their goal was reconciliation among Mozambicans as peace could not be built on the basis of a victory of one party over the other” (1994: 144), this position is contested in the literature. Hume notes that “RENAMO showed dissatisfaction on a number of critical points” (ibid.). The nature of dissatisfaction is articulated by Mazula who notes that despite the desire of peace for both FRELIMO and RENAMO was marked by mistrust.

...Enormous and reciprocal, but it came very strongly from RENAMO which did not want to fall into the trap of integration [...] the strategy through which FRELIMO had wanted for years to assimilate RENAMO [offering amnesty to those subduing to the government] not giving it any political worth (1996).

Dhlakama, the RENAMO leader, pushed on creating a government of national unity highlighting how losers would be treated in the new system. Bekoe further suggests that it was one thing for the GPA to state that Mozambique would use a system of proportional representation or permit RENAMO to hold on to some of its territory, however, this did not mean that RENAMO would be able both to influence policy and prevent adverse policies (2008: 28). Bekoe disagrees with the position that asserts that democratisation was simply influenced by international factors and internal weak structures. She suggests that this position “takes the provisions of the GPA for granted and does not assess the degree of mutual political and military vulnerability that characterized the implementation period” (2008: 28).

The peace agreement provided a platform where democratic contestations could be forged. The strength of the GPA, as Bekoe suggests, “lies in the political reform that recognizes RENAMO as a legitimate political party and the adoption of electoral and administrative rules that allow it to exist as an effective political party” (2008: 29). However, as Alden has argued, this has resulted in democratic elections being tied to a structure that favours the ruling party in power and, as has become clearer with each election, allowed FRELIMO to conduct domestic and foreign policy without any reference to opposition concerns (2006: 156). Alden further suggests: “More concerted international effort to question and critique the 1990 constitution, especially in the context of severe displeasure on the part of RENAMO during the

peace talks, would have limited the scope for the kind of ‘democratic authoritarianism’ that precipitated the 1999 crisis<sup>11</sup>” (ibid.).

### **3.1.2. Democratisation: Towards Consolidation (2002–2009)**

The Peace Agreement in Mozambique opened a new opportunity for democratic governance to be enhanced. During the Cold War period, Western governments supported authoritarian regimes that repressed people in order to promote geo-strategic interests. Manning notes that “democratization is the dynamic, nonlinear process through which previously warring elites gradually arrive at an acceptable long-term political settlement” (2002: 5). As previously pointed out, in Mozambique, however, there was distrust mixed with uncertainty about the political future being agreed upon. Whereas the philosophy that underpinned the peace deal was conciliatory, Mazula argues that the “GPA sought to avoid the re-establishment of authoritarian regimes which tend to forget history and distort its analysis” (1996: 32).

Cabaco (1996) and Manning (2002) pick up this argument from where most analysts on Mozambique stop. Both Cabaco (1996) and Mazula (1996) agree that exclusionary measures adopted by the FRELIMO government have ensured that democratic institutions that are being forged in this young democracy reflect the interests of the ruling party. For example, both Cabaco and Mazula suggest that, the Assembly of the Republic is the only possible forum for sharing power with the opposition. Political opposition parties remain organisationally weak and financially dependent upon a meager state subsidy. Given this backdrop, Manning notes that Mozambique’s governance structures are dominated by the ruling oligarchs.

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<sup>11</sup> In 1999 presidential and parliamentary elections, disputes arose between FRELIMO and RENAMO. The ruling party was accused of manipulating votes and lacking transparency, leading RENAMO to complain about the ballot counting rules. Electoral reforms passed had emphasised transparency. These critical reforms allowed the participation of electoral observers. RENAMO felt that reforms had been manipulated to suit the continued dominance of FRELIMO. This was preceded by RENAMO’s boycott of the local elections in 1998, and resurfaced during the general election.

New analysis, as Hanlon has argued, suggests that “FRELIMO is almost unique in its post-independence ability to stay totally organizationally united and yet remain so diverse on key issues” (2008; 96). This is a move that can be traced to the succession of leadership within FRELIMO party structures. After Mondlane’s death, Samora Machel legitimately ascended to power. In 1986, when Samora Machel died, Joaquim Chissano came to power in a move that ensured that party structures are open to the fluidity and mobility of leadership within FRELIMO. This does not, however, mean that democratic practice has been entrenched. Party members called for reform in the 2004 election, which led to Joaquim Chissano being replaced as party leader and presidential candidate. This has manifested in debates in which the old guard has been highly critical of FRELIMO as a corrupt political party. According to Hanlon corruption and nepotism are deeply entrenched in party structures. He suggests the following:

During elections, party workers are always shocked at the way corruption antagonizes voters and traditional FRELIMO supporters. Honest members and leaders stayed within the party and opted for internal reform, which led to Chissano being ousted as party leader and presidential candidate... Yet Chissano remains in the party, on the Political Commission, and powerful. The other side of the coin is that some of Chissano’s notoriously corrupt allies also remain in the party, in some cases with well-paid sinecures, and with the justice system manipulated to ensure that they are never prosecuted (2008: 96).

In spite of having experienced the first decade of ‘successful’ peace and pluralistic politics, this relatively unruffled surface of Mozambican politics masks serious weaknesses. According to Abrahamsson and Nilsson, “at the sixth party congress FRELIMO abandoned its role as a Marxist-Lennist avant-garde” (1995: 110). In light of that shift Manning asserts that

[f]or FRELIMO, over the years a weakened emphasis on ideology has facilitated the spread of corruption within the party and has hurt the party’s image in the eyes of the Mozambican citizens. With the creep of corruption the party has lost one of the things that made it distinctive in the eyes of the Mozambican citizens, whether party supporters or not (2002: 133).

Democracies exist as tapestries of the contestations of citizenship. The Peace Agreement paved a way toward liberal democratic practices, where individual freedoms would be ushered in Mozambique. It was an assumption by international peace negotiators, FRELIMO and the belligerents, in Rome, that the process of

democratization would promote political stability and national reconciliation. Portuguese colonialism in Mozambique was repressive. The Machel regime, on the contrary, worked toward the removal of barriers of repressive colonial rule. FRELIMO promoted the election of local officials and, as Hanlon suggests, “the holding of elections when people in public meetings voted to accept or reject candidates put forward by the party for local councils” (2008: 90).

However, in the present system there are certain practices that have not been questioned. Ideally, citizens should enhance civil and economic liberties, a point that resonates with both Mafeje and Ake. The holding of elections is not synonymous with democratic consolidation. It can be argued that participation in the political process and an interaction between citizens and government go far beyond voting every few years. A liberal democracy is insufficient to deal with governance weaknesses and structural legacies with which Mozambique is burdened. What is needed is a social democracy which is committed to justice and fairness and an emphasis on meeting polarised social conditions such as lack of housing, access to healthcare and addressing rural poverty. In Mozambique, democratic consolidation has left unanswered questions for local observers and international policy-makers alike. It merits a re-emphasis, as re-iterated by Alden:

Mozambique remains in certain crucial respects an unconsolidated democracy built upon a fragile economic base. FRELIMO has had an unbroken hold of the levers of power for thirty years, though since 1994 through the ballot box (and with manipulation where necessary) thus disallowing the possibility of opposition challenges in the management of the country’s affairs (2006: 163).

Few options existed for Mozambique other than to adopt democracy. In the post-Cold War period, a belief in democracy as a panacea for solving the ills of authoritarianism and the legacies of dictatorships in Africa surfaced. Nevertheless, myriad questions are raised pertaining to democratisation in Mozambique, particularly with reference to FRELIMO’s ability to deal with nepotism, corruption and deliver on socio-economic goals that can place the country on a path of change. Further questions are raised as to whether democracy can, in fact, make a contribution to the resolution of internal strife in Mozambique. How might democratic institutions address the special problems of civil wars, particularly in a country like Mozambique where successful democratisation was highly unlikely in any case? Democratisation

was in tandem with economic reforms that would cement the needed social change as suggested by the international community. The next section deals with these debates. Mozambique has continued to experience questionable political stability. To this end, Vuax et al.'s analysis is crucial:

Despite the appearance of a multi-party state, in practice Mozambique is controlled by an oligarchy within the party which purchases support through patronage, much of which derives from aid. ... The trend is toward centralization and consolidation of power with a narrow elite, which will be obliged to offer patronage to a wide and 'greedy' circle of clients. ... Relations based on extended families (and in some cases ethnic affiliations) determine access to state resources and political power. ... Behind all this is a murky world of financial relationships and trade-offs. ... Mozambique is moving in the direction of being a single party state, or perhaps something like a royal court in which favour and advancement depend on informal relationships. (2006: 3).

### **3.2. Theoretical Contestations: Locating Mozambique in the debates of Neo-liberalism**

The World Bank in 2007 talked of Mozambique's 'blistering pace of economic growth' (2007). A joint donor-government study in early 2007 said: "Mozambique is generally considered an aid success story" (KPMG, 2007: 46). The IMF in early 2007 said: "Mozambique is a success story in Sub-Saharan Africa" (2007: 4). However, the success story presents paradoxes. Despite economic growth, inequalities have increased, leaving the poor and vulnerable without safety nets and escaping the trapping of poverty. In the same way, although the government has received more aid for health care coverage, diseases such as malaria, HIV/AIDS and TB have haunted the post-conflict state. In the same light, infant mortality and child malnutrition have substantially increased even when compared with other post-conflict societies and developing countries. The following section will provide a theoretical discussion to locate post-conflict Mozambique.

As previously pointed out, Alavi's analysis highlighted that the trappings of global capitalism were incapable of ushering in revolutionary change needed in developing societies. On the contrary, Hyden has suggested that the embracing of capitalism (free market principles) would usher in revolutionary change in Africa. Mozambique, can be located within these debates. The evolution of development theories in the 20<sup>th</sup> century culminated in different schools of thought. Radical

Marxists advocated the abolition of capitalism, whilst radical market fundamentalists insisted on capitalism as the only viable alternative to bring about political and economic change. Throughout the 20<sup>th</sup> century, particularly at the peak of the Cold War period, polarised relations intensified debates on a command economy versus a free market economic system.

Development economics and, to a larger extent, Development Studies, were influenced by neo-classical economic thinking. For example, as soon as African countries gained independence in the 1960s, they relied on the assistance of former colonial masters' expatriates to provide logistical support (Cooper 2002). Economists provided logical support, devising policies that emphasized the export of agricultural exports on the global market (Cooper 2002). As previously mentioned, Mozambique, for example, relied on Soviet support to plan development projects and the modernisation of agriculture. In neo-classical thinking, however, the state was sidelined as a vehicle of ushering in change, and a market society was encouraged. The triumph of the market as an alternative to socialist central planning was announced in the 1980s. The election of Ronald Reagan in the US and Margaret Thatcher in Britain also signified a shift in ideology, which culminated in what is known as Reaganomics and Thatcherism. The term used to popularise Reaganomics and Thatcherism was the Washington Consensus, as leading IFIs such as the World Bank, IMF, and WTO, intensified political and economic liberalisation as a means of achieving development.

The complete implementation of neo-liberal policies coincided with the sudden fall and failure of the Socialist bloc to compete in the global capitalist economy. As Moses Naim contends: "The ideas derived from the Washington Consensus had a huge influence on the economic reforms of many countries" (2000: 89). The Washington Consensus revolved around the following pillars: fiscal discipline, public expenditure priorities, tax reform, exchange rates, trade liberalisation, foreign direct investment, privatisation, deregulation and the enforcement of property rights. And, as Dambisa Moyo (2009) has expounded, the Washington Consensus entailed a minimised role of the state, privatising previously nationalised industries, liberalising trade and dramatically reducing the civil service.

Naim has argued that the Washington Consensus was the conventional wisdom among the economically influential parts of Washington, meaning the US government and the IFI (2000: 507). As Sumner suggests, the “vehicle—policy—for the IFI Washington Consensus was privatisation, liberalisation and deregulation. The point of arrival was economic growth and macroeconomic stability as ends in themselves (low inflation, balance of payments and fiscal equilibrium, etc.) (2006: 1402). These ideas became ‘meta-narrative’ in themselves, and soon acquired a life of their own, becoming a brand name known worldwide and used independently of its original intent. Both the World Bank and the IMF launched austere measures and aid initiatives on poor countries to institute the IMF’s SAP and enhanced Structural Adjustment facilities.

The Consensus was popularised by John Williamson (1989), who was a World Bank economic advisor for Latin America. The policies in the Consensus were supposed to be a blueprint plan to rid Latin-American economies of hyperinflation and place these countries on a trajectory of economic prosperity and growth. However, contrary to conventional wisdom, the relative simplicity and presumed reliability of the Washington Consensus policies were not reflected in the experience with market reforms for most of the developing world in the 1990s. It was clear that, as Naim suggests,

[p]olicy makers often implemented an incomplete version of the model, and the results were quite different from what politicians had promised, the people had expected, and the IMF and World Bank’s econometric models had predicted (2000: 504).

Sumner further notes that “[w]ithin these policies some might have been surprised to see progressive taxation, welfare systems (albeit non-deficit financed) and institutional reform” (2006: 1403). However, Kanbur argues that the Consensus, as practiced by the IFI became “‘state-bashing’—a wholesale attempt to dismantle the developmental state” (1999). Furthermore Sumner argues,

key ‘anomalies’ included assumptions that markets are perfectly competitive; development defined as economic development; methodological individualism; utility maximization; equilibrium as an organic concept and efficiency as a goal (2006: 1403).



The recognition of the failure of these policies in Africa led to an ideological backlash, with African intellectuals beginning to advocate for a ‘democratic developmental state’ to safeguard political and economic development.

The failure of market-led reforms under the auspices of Washington Consensus was common throughout the continent. Most countries were coerced into agreeing to the terms and conditions of the policies. However, recent global events have placed questions on the meaning of capitalism, and their implications on the development debate are immense. In late 2008, the economies of the developed world were in recession as a result of the subprime and credit crunch crises. Since the ‘crisis of capitalism’ and possible demise of the Washington Consensus, policy discourse has been driven by the concept of a post-Washington Consensus which is primarily associated with Joseph Stiglitz’s work. The former World Bank President, James Wolfensohn, observed that ‘the Washington Consensus had been replaced by all sorts of other consensuses’ (World Bank, 1998). This phase of the debate, however, is driven by disenchanted views, primarily critiquing the Washington Consensus as practiced by the IFIs, rather than by a new paradigm. Sumner further suggests that

Stiglitz has argued that the Washington Consensus was ‘incomplete’ and ‘misleading’ and that there was a lack of understanding of economic structures (too unrealistic ontological assumptions), a narrow set of objectives (too economic) and a narrow set of policy instruments (too limited) (2006: 1404).

However, many have argued that minute differences exist between the post-Washington Consensus and the Consensus itself. Perraton has suggested that the difference was ‘rather less than the rhetoric suggests’, and has noted that Stiglitz only repudiates fiscal discipline, and liberalisation of the capital account and rate of interest (2006: 897-906). Dani Rodrik went as far as to label the post-Washington Consensus ‘unfeasible, inappropriate and irrelevant’ and dubbed it the ‘augmented-Washington Consensus’, arguing that it describes the desirable features of development but not how to get to them, and added ten policies to Williamson’s original list to form the ‘augmented Washington Consensus’ (2002). Beeson and Islam called the post-Washington Consensus the reinvention of global neo-liberalism under the guise of an “augmented Washington Consensus” (1999). The debates are thus polarised and in

addition, have largely ignored the African perspective and the developmental challenges that African countries face.

This deficiency in the debates led to a process through which, Mafeje suggests, “African intellectuals felt obliged to defend the integrity and the autonomy of the African state and the right to choose its own path of development” (2002: 8). In a slightly different fashion, Ake and Moyo debunk the current international development model promoted by the World Bank and IMF. On the wider spectrum, Ake suggests that “political authoritarianism is an important reason why the development project in Africa has not been able to take off” (1996: 129). He thus sees intense democratisation and political decentralisation as the only viable alternative that will transform agrarian African states into economic powerhouses. Ake echoes Mafeje’s quest for self-reliance and suggests:

In the past self-reliance has been largely a source against foreign domination, a protest against being dependent and in the control of foreigners. This concept is pertinent, but it misses the crucial point of self-reliance. ... In the context of development, self-reliance is about a responsibility of producing a development project as well as providing the resources to carry it through. The primary principle of development strategy in Africa is that people have to be the agents, the means, and ends of development. (1996: 140)

In similar vein, Dambisa Moyo, a Zambian national and former World Bank economist, has illustrated in her latest book, *Dead Aid*, how the way in which over-reliance on aid has trapped developing nations in a vicious circle of dependency, corruption, market distortion, and further poverty, leaving them with nothing but the “need” for more aid. Moyo clearly outlines how ways of financing development in Africa should be changed, taking into account Africa’s inability to attract capital flows. Moyo challenges the assumptions and arguments that support a profoundly misguided development policy in Africa. She suggests that education, innovation and entrepreneurship will be a currency for success in 21<sup>st</sup>-century Africa. In her book, she offers a bold road map for financing development for the world’s poorest countries that guarantees economic growth and a significant decline in poverty, without reliance on foreign aid or aid-related assistance. Moyo has argued that,

although aid is meant to encourage private investment by providing loan guarantees, subsidising investment risks and supporting co-financing arrangements with private investors, in practice it discourages the inflow of such high-quality foreign monies (2009: 61).

Moyo further argues that the goals of aid, as originally set out by the founders like Harry Truman (US leadership) and John Maynard Keynes in the New Hampshire hotel after the end of the Second World War, were sustainable economic growth and poverty alleviation, and it is against these goals that aid should be judged, and against these that it has spectacularly failed (2009: 150). She proposes that African countries firstly need to develop a solid economic plan that seeks to reduce aid dependency. This, she argues, can be achieved by raising bonds and manipulating market mechanisms to bring about trade, FDI and intense capital liquidity through micro-finance and savings. Secondly, Moyo proposes that African countries need to enforce rules of prudence and not live beyond their means. And finally, she proposes that the third stage in the *Dead Aid* model should work toward strengthening institutions. This entails not relying on the same tactics that were cemented by the austere policies of the IMF but a strong commitment to building indigenous political and financial institutions that work to serve the goals of reducing poverty and inequality.

On the contrary, Samir Amin (2006) challenges the misguided positions of the development paradigm and envisions a world beyond US hegemony and global capitalism. Throughout his works, Amin (1997) asserts that nations want independence and dignity and that the logic of capital produces the opposite. As Marx had predicted, capitalism sows the seeds of its own destruction, and its unilateral logic produces unemployment, impoverishment, and marginalisation. Critical of the obsession with market fundamentalism, Amin (2006) insists that imposed blueprint plans as panaceas for socioeconomic conditions in Africa were considerably more a destructive illusion that deregulated capitalism would ensure ‘better’ development (2006: 117). Amin (2006) suggests that there is a need for mutual adjustments among the great, unevenly developed regions of the world, adjustments based on collective negotiation that make global interdependence fit the requirements of national and regional strategies, while taking into account the inequalities inherited from polarisation (2006: 107). And Amin further suggests “that an alternative to capitalist globalization, implies the recomposition of socialist perspectives in all different parts of the world” (1997: 76).

### **3.2.1. The case of Mozambique**

In retrospect, looking at the situation in Mozambique, certain factors should not be overlooked, particularly the interplay of international economic policy on the domestic economy in the 1980s as Mozambique became a member of the BWI. This cannot be divorced from the wider debates that are taking place on the continent. Throughout the continent, the question whether globalisation has failed Africa or whether political and economic reforms have unequivocally failed is being debated. What is clear, as Stiglitz suggests, is that there is disappointment in the policies that have been pushed for the past two decades: the policies focusing on liberalisation, privatisation and stabilisation. If Mozambique is a 'success story' as neo-liberals claim, any attempt to evaluate this yardstick should take into account the political and economic restructuring that has happened since the collapse of the command economy. And, as Stiglitz adamantly contends, "the reforms were supported too by free market fundamentalist ideologues, and they will continue to proclaim the success, whatever the evidence with which they are confronted" (2002: 12-14).

Hence, for a country like Mozambique, post-conflict political and economic reconstruction takes place in an era where clear answers are not found in the post-Washington Consensus paradigm. This is further supported by a polarised version that is present in current debates. The thinking in a post-Washington Consensus is that low income countries characterised by 'poor' and 'weak' institutions can arrive at development by achieving economic growth and poverty reduction, sustainable development, equity and democracy. The underlying assumption is that through institutional strengthening, regulatory structures, macroeconomic stability, strong financial systems, privatisation with competition, human capital formation, property rights, cautious integration, social safety nets, and technology policy, progress can be achieved. (Stiglitz, 1998; 2002; 2004; 2006)

On the contrary, The New York Consensus or Millennium 'Meta-Narrative' assumes that for poverty-trapped low income countries, inequality and poverty 'pockets' in middle income countries, both the result of 'governance' failures, can be combated by achieving the Millennium Development Goals. In a slightly different

fashion, the underlying assumption is that growth, trade openness, aid, prioritising public expenditure, and good ‘governance’, will place developing countries on a trajectory of economic development. This view is expounded by Maxwell who notes that the Washington Consensus has been replaced by a new and improved orthodoxy, called here the ‘meta-narrative’.

It emphasises the Millennium Development Goals (MDGs) as an over-arching framework, and lays out the link between MDGs, nationally owned poverty reduction strategies, macro-economic policy (including trade), effective public expenditure management, and harmonized aid in support of good governance and good policies(2005: 1-2).

### **3.2.2. Mozambique’s Post-conflict Economic Growth**

Research suggests that the incidence and severity of conflicts in Africa have had a negative effect on the growth rate of income. For instance, World Bank data show that countries in Africa which experienced civil wars had an average income 50 percent lower than that of countries that experienced no civil war (World Bank, 2007: 126). Collier and Hoeffler estimate that one year of conflict reduces the country’s growth rate by 2.2 percent. Collier and Hoeffler further argue that military expenditure (as percentage of GDP) rises by 1.8 percent during the war but declines by only 0.5 percent post-conflict. If war lasts for ten years, post-conflict, the cost is on average 18 percent of GDP (2002: 13-28).

Contrary to conventional wisdom, Mozambique presents a peculiar case to post-conflict economic reconstruction. The World Bank reports:

The economic losses to Mozambique because of the war were \$15 billion, four times the 1988 GDP. In addition to the destruction of roads, approximately 45 percent of schools had been destroyed or closed by the end of 1987. By 1993, 48 percent of the total number of health posts had been destroyed” (2007: 138).

The country emerged from a devastating war and enormously underdeveloped to a country that has attracted investments and achieved average annual growth of 8% (The World Bank: 2007). Furthermore, a Standard Bank research reports suggests that Mozambique has held the position of donor darling, manifested in generous donor inflows to support the budget and other social priority projects. The achievement of

macroeconomic stability has attracted capital inflows and improved the accessibility of commercial lenders (2007). The report further notes that the economy

is estimated to have grown slightly faster in 2006, 7.9 percent, after the drought year of 2005 when it expanded by 7.7 percent. Economic activity in 2006 was largely due to the recovery of the agricultural sector following the return of good rains and construction, agriculture generates almost a quarter of Mozambique's gross national product (Standard Bank, 2007).

### **3.2.3. Aid Dependency**

In spite of the acclaimed double digit growth figures since the late 1990s up to the present, Mozambique remains a country dominated by grinding poverty and deprivation. Alden states that Mozambique has been under an internationally-imposed SAP since 1987 that encourages wholesale privatisation of state enterprises and foreign investment as a solution to the country's severe economic problems (2006: 156). Addison, Geda, et al. have further suggested that in Mozambique

[p]owerful elites straddle the public and private sectors; the business interests of political elites are significant influence on the decision to liberalise and privatise the banking systems, and new private banks have gone out of their way to recruit political elites to their boards (2001, 9).

Commentators have argued that, aid dependency has encouraged rent-seeking behaviour amongst the ruling elite and thus has curtailed Mozambique's sovereignty in policy in the development process. Castel-Branco's analysis of these developments have led him to label Mozambique as a country that has not owned the development process. Understood in this light, ownership is a useful concept to the articulation of self-reliance as advocated by Pan-Africanist scholars like Amin and Mafeje. Castel-Branco suggests that in its purest forms, ownership, in the context of aid dependency, means that aid-recipient agency defines its own political agenda and programme independently of its sources of finance (external aid); and highlights three points that are crucial to the study: (i) donor agencies have no influence on the political agenda of the recipient agency other than financing it; (ii) donors have no clear policy preferences, or do not express them if they have them, therefore, they make aid available irrespective of policy choices made by the recipient, in an untied, unconditional and un-earmarked manner; and (iii) the recipient agency is fully

informed and has homogenous interests about policy options and preference, such that policy choices and decisions reflect uncontested ownership.

Castel-Branco argues that “[d]espite the macro-economic improvements, Mozambique remains a country dependent on huge annual injections of foreign grants and soft loans” (2008: 34). The government collects enough domestic revenue to cover its running costs, but the capital budget is almost entirely funded by foreign aid. As Paul Fauvet further suggests:

These multilateral creditors IMF and World Bank exercise significant policy leverage through their lending. If donors are not satisfied with Mozambique’s implementation of IMF/World Bank programmes, they can suspend lending, which in turn endangers funds from bilateral sources (2000: 5-7).

In responding to a parliamentary debate, the former Prime Minister, Mocumbi, acknowledged that the government is taking orders from foreigners. Mocumbi suggested that Mozambique is a country that begs, and beggars have their sovereignty curtailed.<sup>12</sup> Castel-Branco further suggests that the social, economic and technological structure of production and trade (including exports) became even narrower than before and, as a consequence, the Mozambican economy is more vulnerable and has fewer development options (Castel-Branco 2004a, 2004b, 2003, 2002a, 2002b, and 1999, Castel-Branco, Suleman, et al., 2005).

While there has been improved economic growth since the ending of the conflict, it is difficult to say whether this is attributable to peace itself or to the overall benefits of the SAP. As Castel-Branco (2008) emphasises, aid dependency is multidimensional when it affects the institutional culture, thinking, policies and options of the systems of governance, as well as the interactions between agents, public policy options, the financing of such policies. Thus the multidimensional nature of aid-dependency means that dependency goes beyond basic resources (public finance, foreign exchange, savings) and basic capacities (technical, managerial) to include many other aspects of life. Economic success as claimed by neo-liberals has led to a social backlash, resulting in increased levels of inequality, diseases such as

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<sup>12</sup> Fauvet quotes the Prime Minister of Mozambique to drive the point of donor dependence and loss of ‘sovereignty’ on regulating domestic economic policy.

malaria and tuberculosis, corruption and armed attacks, particularly in the rural areas of Mozambique. As Paris (2004) has argued, this pattern appears to be playing itself out as ex-combatants and ordinary peasants have responded to declining living standards by joining the ranks of criminal gangs. Whether Mozambique continues to live up to its reputation as a peacebuilding success story remains to be seen.

Economic liberalisation policies have also been beneficial in most ways—most notably, by contributing to high levels of GNP growth and encouraging new flows of foreign investment. However, as Paris has further argued, the same economic reforms have also deepened existing schisms and traditional sources of political tension in the country and have apparently contributed to the spread of violence which at least casts doubt on the neo-liberal peace thesis which claims that political and economic liberalisation promotes stable and lasting peace, even in what is generally viewed as one of the most successful cases of peacebuilding in the 1990s (2004: 147).

In a different vein, Castel-Branco sheds light on what was previously discussed by Pan-Africanist scholars providing solutions to the development impasse. As a result of increased net flow of capital through development aid and FDI, Mozambique has not become self-reliant. As Castel-Branco himself notes:

Aid dependency is structural when the basic functions of the state and society are aid dependent; aid dependency is dynamic when the pattern of development that is structurally and multidimensionally aid dependent generates new and deeper aid dependencies, rather than reducing aid dependency over a period of time (2008: 33).

Development aid has not been revolutionary in Mozambique. The purpose of sustainable growth is to generate a functioning machinery that can deliver social policy goals. Capitalist growth can be used to collect revenues that are purposeful to increase investments in agricultural production, healthcare and infrastructure development. In Mozambique the opposite has happened. Over-reliance on aid and foreign expertise has meant that the development path and goals are in line with neo-liberal ideals. It goes against the ‘New Man’ principles which Machel had envisaged, and thus will form a point of critical discussion in the next chapter on data analysis.



### 3.3. Conclusion

International stakeholders played a crucial role in bringing about peace in Mozambique. Post-conflict peace paved a way for democratisation, allowing the new regime to champion political pluralism and a move toward a market society. As a result of a negotiated democratic transition FRELIMO won the elections in 1994 and has subsequently continued to win convincingly, though with questionable results. This political space has been filled with the rhetoric of contestation, as RENAMO has attempted to position itself as a robust opposition. The analysis reveals, as Chakravati contends, that in Mozambique there is potential for a more robust authoritarianism just below the surface (2005: 148). Participation in a democracy is an organic overflow of entrenched democratic institutions in which citizens are given the voices to participate in the future direction of Mozambique. Both Mafeje and Ake, with every prophetic insight, warned that for African countries to move forward, self-reliance should be the cornerstone of development policies. However, political plurality has not been guarded in Mozambique's new democracy.

A closer examination of Mozambique's post-conflict political economy also reveals structural legacies bequeathed by colonialism and FRELIMO's one-party rule between 1975 and 1992. Economically, Mozambique remains an aid-dependent economy. Donors have taken a genuine interest in resuscitating the economy and have refrained from questioning some of the contradictions and paradoxes that characterise the 'success story'. As Chakravati further argues:

Part of the problem is probably that, at a political level, multilateral institutions and bilateral donors, including the US government, do not want to be too critical, because at the present time, it is one of the few well-performing economies in Africa (2005: 148).

The central thesis of the study has so far been that the current development model needs to be questioned. The analysis so far highlights that success has been accompanied by a backlash. Mozambique remains a fragile peace agreement, and raises the question whether growth has been accompanied by equity. In light of these views, the next chapter will critically analyse data on aid and human development to challenge the prevailing development orthodoxy.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND PRESENTATION**

#### **4.1. Introduction**

This chapter provides an assessment of the development path in post-conflict Mozambique by analysing quantitative data collected. The data include levels of aid, food security and social indicators, such as, health and corruption, a governance issue which is directly linked to change and progress. In Chapter Three, the literature review argued that Mozambique's post-conflict political economy has become aid-dependent resulting in growth. This claim needs to be substantiated with empirical evidence. The post-conflict peace agreement paved a way through which political and economic reforms were supposed to improve the conditions of people in Mozambique. These reforms were in tandem with the shift of thinking in the post-Cold War period by virtue of which donor governments placed an emphasis on human security and governance as desired ideals that democratic governments should uphold.

Since the signing of the General Peace Agreement in 1992, emphasis was placed on how democratic Mozambique could best deliver on social goals, such as the reduction of poverty and hunger, economic policies that would reduce inequality, and the creation of a thriving environment in which nascent democratic institutions could be nurtured. This study takes into account the fact that substantial improvement in these indicators does not necessarily translate into the improvement of the quality of life nor arrival at development, as defined in linear terms.

##### **4.1.1. Data**

The data used seek to illustrate empirical evidence that Mozambique is not a success story of post-conflict reform. As already indicated a huge portion of the data was sourced from the databases of leading international organisations, such as, the WHO, the World Bank, the OECD, FAO and TI to illustrate that the trajectory of post-conflict reforms warrants an appraisal.

The data were specifically chosen because these indicators can capture lived experiences of Mozambicans with regard to poverty, economic growth and development, and political change. The data also provide trends in the post-conflict period that allow the researcher to make inferences about the trajectory of Mozambique's post-conflict political economy. Data on Mozambique are difficult to find, and not all the important social indicators were available from these organisations for analysis. The African Development Indicators database, for example, had numerous variables on health and malnutrition missing. Furthermore, though it would have been useful to look at education indicators, data on school enrolment in the post-conflict period were missing. Despite this, the data collected can be used to assess government's and donors' claims about that Mozambique is a success story. It is important to clarify that this study does not reject the relevance of economic indicators as measures of development.

FAO estimates the number of undernourished individuals using calculations of the amount of food available in each country and a measure of inequality in distribution derived from household income expenditure surveys. The statistical methods used to calculate the prevalence of undernourishment are reliable and well-established. However, the underlying data sets used to create these estimates are of varying quality. Household food surveys are generally considered to be more accurate than food balance sheets in some circumstances, but these surveys are conducted sporadically and have in the past focused on food expenditure rather than on the caloric or nutritional content of food consumed. In addition, household surveys do not include food consumed in restaurants, hospitals, and other public establishments.

Public health expenditure as a percentage of GDP is the capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and nongovernmental organizations) and social (or compulsory) health insurance funds. Public health expenditure provides an assessment of a government's relative investment in healthcare. Data on health expenditure come mostly from the World Health Organization's (WHO) National Health Account database and from the Organisation for Economic Co-operation and Development (OECD) for its member countries, supplemented by World Bank poverty assessments and country and sector studies. Data are also drawn from World

Bank public expenditure reviews, the International Monetary Fund's Government Finance Statistics database, and other studies.

Aid received is the amount of Official Development Assistance (ODA) received by a country. Aid refers to the actual international transfer by the donor of financial resources or of goods or services (valued at the cost to the donor), less any repayments of loan principal during the same period. Data are in million current U.S. dollars, converted at official exchange rates. ODA consists of loans and grants given to countries and territories on the Development Assistance Committee (DAC) list of aid recipients by multilateral organizations, DAC member countries, and non-DAC donors. They do not reflect aid given by recipient countries to other developing countries. As a result, some countries that are net donors (e.g., Saudi Arabia) are treated as aid recipients. Aid data do not distinguish among different types of aid (program, project, or food aid; emergency assistance; post-conflict peacekeeping assistance; or technical cooperation), each of which may have very different effects on the economy.

Foreign direct investment net inflows represent long-term investment interest by a foreign direct investor in an enterprise resident in an economy other than that in which the investor is based. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital. Data are reported in millions of current U.S. dollars. The data on foreign direct investment are based on balance of payments data reported by the IMF, supplemented by data on net foreign direct investment reported by the OECD and official national sources.

The Corruption Perceptions Index (CPI) measures the degree to which corruption is perceived to exist among public officials and politicians. Ratings range in value from 10 (least corrupt) to 0 (most corrupt). The survey measures public sector corruption or the abuse of public office for private gain. It measures local and national governments, not domestic and foreign corporations doing business in these countries. The CPI is a composite index compiled from surveys originating from different independent institutions. The CPI for 2006 was compiled from 12 surveys originating from 9 different independent institutions. A country is included in the CPI only if

there are data available from 3 or more surveys. The surveys measure the perceptions of local residents, expatriates, business people, academics and risk analysts.

#### **4.1.2. Measuring Development**

For decades development practitioners and policy makers alike have been debating on how development should be measured. Since the 1970s, global leaders and development practitioners realised that development measured through Gross National Product (GNP) should be questioned. Although the past two decades have witnessed a change in thinking, practitioners continue to measure development in ways that largely reflect aggregate changes such as GDP per capita, income poverty and inequality. As Neema Ndunguru has argued: “These development indicators have, however, largely ignored the effects that development interventions and economic changes have had on people on the micro-level” (2007: 141). Development thus becomes a process that involves political, economic and social contestations of progress and change, and how marginalised and privileged individuals interact with the institutions mentioned. Ultimately, a development model that alienates the voices of people is devoid of impacting constituencies it ought to serve. Alternative measurements, such as the Human Development Index (HDI), were therefore introduced.

The UNDP launched the Human Development Report, which is an annual milestone publication, and has subsequently aimed at placing people at the centre of the development process in terms of economic debate, policy and advocacy. The ideas of the report had been pioneered by Pakistani economist Mahbub-ul-Haq and Indian economist Amartya Sen with an explicit goal to shift the focus of development economics from national income accounting to people-centred policies. In subsequent years, the degree of a country’s human development has largely been measured by the HDI, which focuses on levels of life expectancy, educational attainment, political stability and income. Furthermore, by taking health, knowledge and gender indices into account, development strategies have supposedly been designed to shift their focus on improving these spheres so as to work towards higher levels of human development.

Development practitioners have for the past decades taken cognisance of the fact that poverty manifests in different forms, including powerlessness, lack of social capital and, at times, the inability of the poor to access state resources that could potentially work to their benefit. The measurements essentially fall short in providing an analysis of the micro-level reality in the areas in which they are applied. For the purposes of this study, the definition of poverty as articulated by the World Summit on Social Development in Copenhagen is useful:

Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life. ... Absolute poverty is a condition characterized by severe deprivation of human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services (UNDP, 1995).

## **4.2. Presentation of Data**

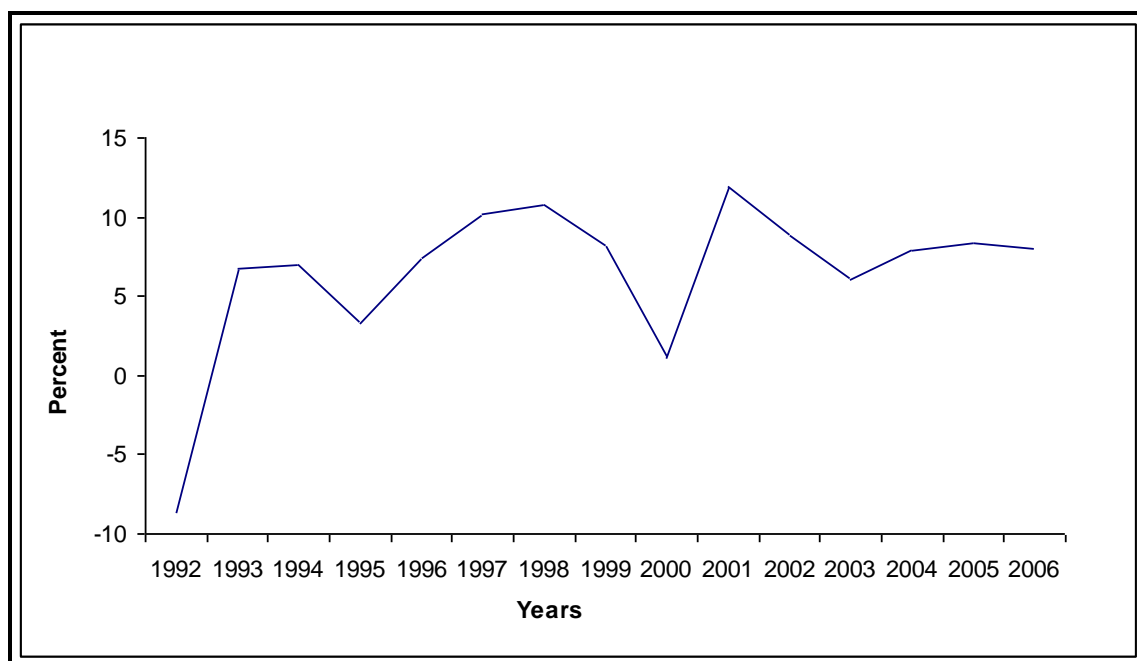
### **4.2.1. Economic Growth and FDI**

Mozambique is ranked as one of the poorest countries in the world according to UNDP and WFP statistics. Since the end of the war, economic growth has re-surfed, averaging 7 percent between 2000 and 2008 (See Figure 1). Growth reached an all-time high of 11.9 percent in 2001. Figure 2 suggests that economic growth has been in tandem with higher FDI inflows. Between 1998 and 2003 FDI net inflow increased by a substantial 36 percent, with the highest figure of US\$381.7 million recorded in 1999. Although there was a decrease in subsequent years (2004–2006), the economy continued to grow, registering an annual GDP growth rate of 8 percent in 2006.

Steady growth has been a result of the restructuring of State Owned Enterprises (SoE) and government's promotion of policies that are conducive to increased levels of FDI. FDI inflows have also been volatile. Between 2003 and 2005 there was a sharp decline. In 2003, total FDI was US\$336.7 million. The figure continued to decline: in 2004 and 2005, inflows recorded US\$244.7 million and

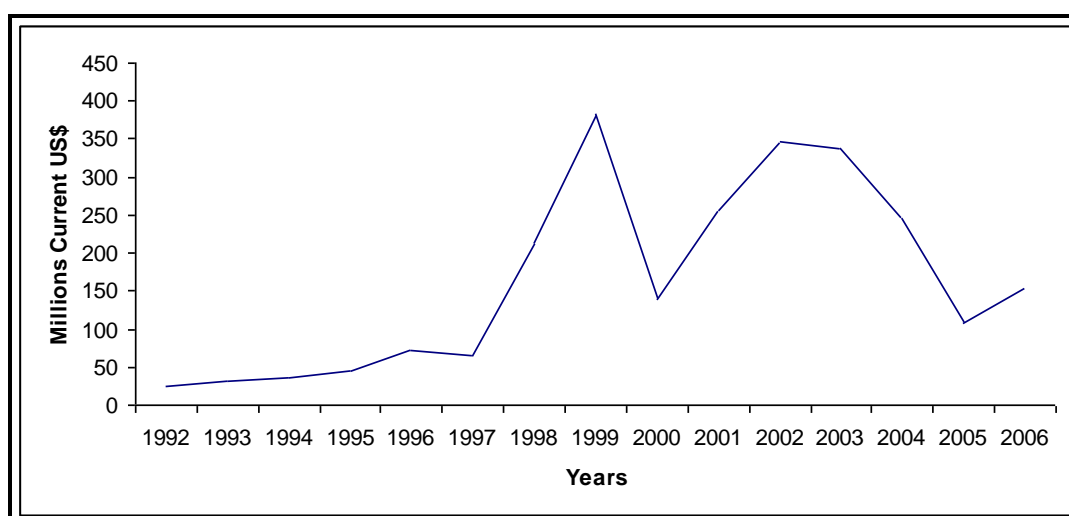
US\$107.9 million respectively. Although there is a small increase in 2006 of US\$153.7 million, it is still below the inflows recorded in 1999, which stood at US\$381.7 million. Despite an FDI growth led economy, hunger remains a stark fact of life for large numbers of households. This phenomenon, however, hides behind progress made in recent years toward sustainable food security.

**Figure 1: Mozambique's Annual GDP Growth (1992–2006)**



Source: *World Development Indicators Online (2008)*. Available at: <http://go.worldbank.org/U0FSM7AQ40>.

**Figure 2: Mozambique's Foreign Direct Investment-Net Flows (1992-2006)**



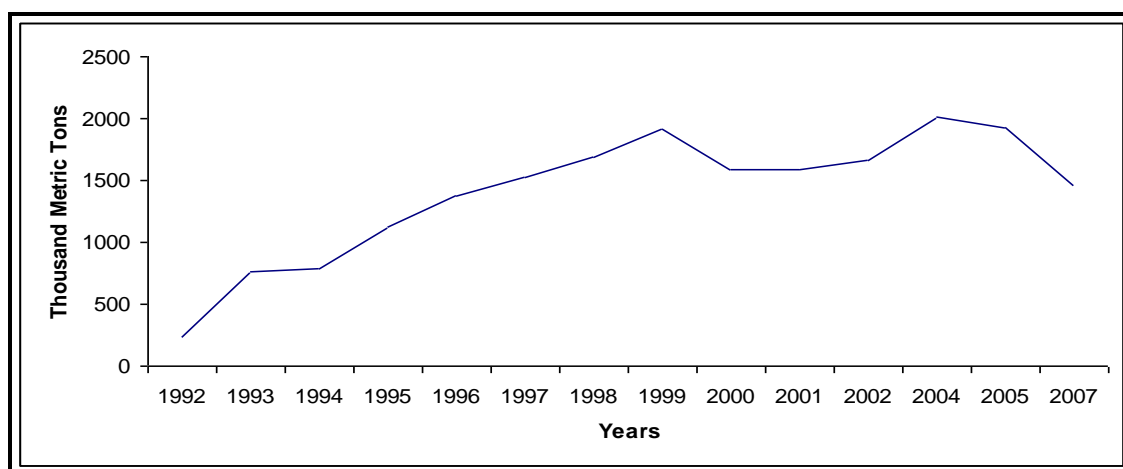
Source: *World Development Indicators Online (2008)*. Available at: <http://go.worldbank.org/U0FSM7AQ40>.

#### 4.2.2. Mozambique's Food Security Success Story?

Mozambique has registered significant changes in food production. Figure 3, below, illustrates that total cereal production and per capita calorie availability from cereals have increased substantially since the end of war in 1992. Forecast production in 1996/97 was more than double that of 1989/90 and 25% higher than 1995/96. In the period that Mozambique experienced the highest levels of economic growth, cereal production simultaneously increased. Figure 3, however, notes that there was a small decrease in production between 1999 (1,912 metric tons) and 2001 (1,585 metric tons). This may be a result of devastating floods in 2000. The post-flood years witnessed a resurgence of cereal production from 1,662 Metric Tonnes in 2003 to 1,922 in 2005.

The last figure of production recorded in 2007 was at 1454 metric tons. This meant that by 2007 Mozambique produced 1,212 tonnes more than the initial production in 1992 (242 metric tons). War had disrupted government's expenditures on agricultural production, however, post-conflict stability enhanced agricultural production. Overall, Figure 3 illustrates that there was a substantial increase of 83 percent in cereal production, ensuring Food Security in Mozambique and the availability of food. However, food access has become a problem in Mozambique. Food is only made available through market mechanisms, leaving the poor and vulnerable unable to access food.

**Figure 3: Mozambique's Total Cereal Production from 1992-2007**

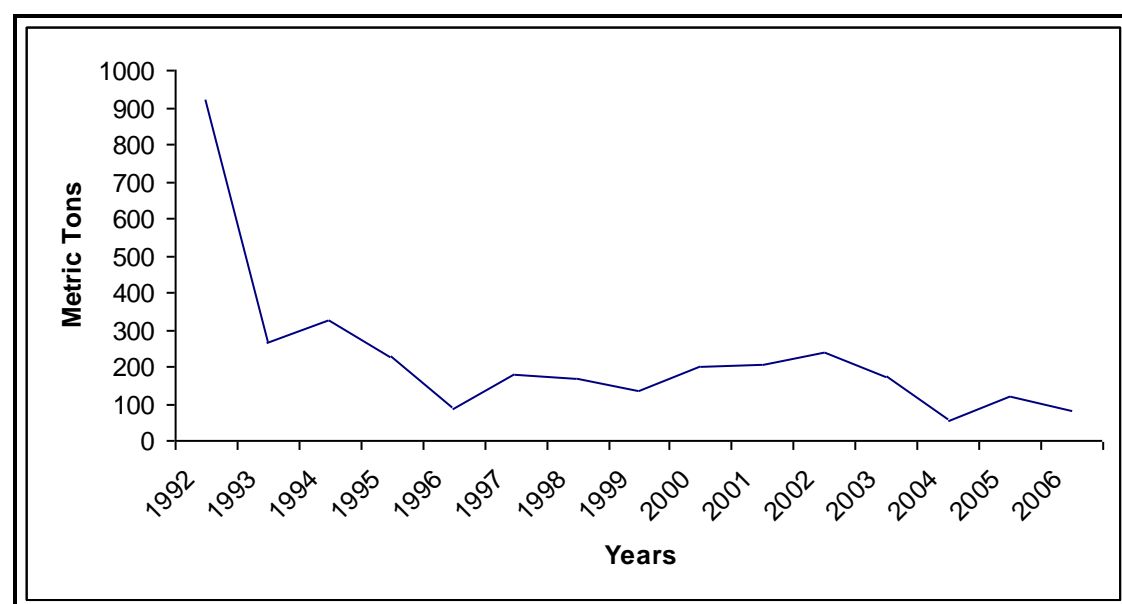


Source: *FAOSTAT Online Statistical Service (2009)*. Available online at: <http://www.fao.org>.



Figure 4 illustrates that there was a substantial decrease in Food Aid received by Mozambique from 921.1 metric tons in 1992 to 80.6 metric tons in 2006. Between 1992 and 1999 the average Food Aid received was 288.3 metric tons. The lowest figure recorded in this period was 84.6 metric tons in 1996. The trend continued to register a decline between 2000 and 2006. Average food aid received stood at 153.3 metric tons in this period. There was a 46.8 percent decrease in food aid received between the periods 1992–1999 and 2000–2006. The last trends recorded figure of Food Aid received in 2006, stood at 80.6 metric tons, an all-time low. Donors and international NGOs provided Mozambique with the needed food aid, making the country reliant on food aid, however, in 2006, Mozambique was set on a trajectory of reducing Food Aid.

**Figure 4: Mozambique's Food Aid Received from 1992 to 2006.**



Source: FAO. *FAOSTAT Online Statistical Service* (2009). Available online at: <http://faostat.fao.org/>.

In the post-conflict phase Mozambique was thus able to reduce reliance on food aid and boost agricultural production, which subsequently determined food security in the country. Progress in food security in recent years was evident in three areas: 1) increasing per capita calorie availability in the face of dramatic reductions in food aid; 2) lowering Food Aid received between 1992 and 2006; and 3) developing a food supply system which now provides consumers with a broad range of low-cost staples from which to choose. However, the number of chronically hungry has not

substantially increased. Between 1991 and 2006 the rural population living in poverty constituted 55.3% of the population. Although, food has been readily available in cities, both the rural and urban poor chronically face food shortages. This could be a result of the factors that will be illustrated in the tables below.

Although the availability of food over the past decade has improved, Food Security is still an issue in Mozambique. Table 1 illustrates that indices of chronic malnutrition are still extremely high; at 41 percent of children under the age of 5. This is an alarming percentage, because it means that approximately 1.3 million children are chronically malnourished. Although the extent of poverty fell from 69.4 percent to 54.1 percent between 1997 and 2003, the extent of malnutrition, in terms of percentage of underweight children under the age of five, is still high; 24% of population, as Table 1 further suggests.

PARPA II notes that rates of malnutrition did not improve significantly between 2001 and 2003 (down 2.3 percent). Rural areas saw a decline of 3.6 percent, while in urban areas, there was a 0.4 percent increase of the percentage of underweight children (PARPA, 2006: 63). The report further notes that the overall objective of government reads: “Between 1990 and 2009, the percentage of the Mozambican population that suffers hunger and chronic malnutrition (transitory and structural food and nutritional insecurity) reduced by 30 percent (PARPA, 2006: 63).

**Table 1: Mozambique's Children's Health Indicators Over a Period of Time**

Indicator	Period	Period	Period	Year
	1970-1990	1990-2007	2000-2007	2007
U-5 Mortality (%)	1.6	1.1	--	--
U-5 underweight (%)	--	--	24	--
U-5 Stunting (%)	--	--	41	--
Polio immunization (%)	--	--	--	70
Measles Immunization (%)	--	--	--	77
TB-Immunization (%)	--	--	--	87

Sources: *Food Security Statistics*, 2008. Available on-line at [http://www.fao.org/es/ess/faostat/foodsecurity/index\\_en.htm](http://www.fao.org/es/ess/faostat/foodsecurity/index_en.htm). *Monitoring the Situation of Children and Women* (2008). Available online at: <http://www.childinfo.org/>.  
 (--) Indicates that data is not available

Despite an extensive coverage of immunisations, as illustrated by Table 1 (TB 87%, Measles 77%, and Polio 70%, in 2007), children that survive diseases are faced with the reality of hunger. Infant mortality has substantially decreased in Mozambique, standing at 115 out of 1000 in 2007; however, it remains high compared to low-income countries such as Malawi at 71 out of 1000 in 2007 and a post-conflict society like Rwanda at 109 out of 1000 in 2007<sup>13</sup>. Both Tables 1 and 2 illustrate that hunger is still a problem in Mozambique. A decrease in infant mortality is marked by a rate of 1.6 percent between 1970 and 1990. Data for subsequent years are missing, however, the rate of reduction continues to decrease at 1.1 percent between 1990 and 2007. By 2015, the infant mortality rate is forecast at 25% higher,

<sup>13</sup> United Nations Children's Fund (UNICEF). 2008. *The State of the World's Children 2009: Maternal and Newborn Health*. Table 1. New York: UNICEF. Available online at: <http://www.unicef.org/sowc09/index.php>.

and life expectancy will have declined from 42 to 36 years rather than increasing to 50 years as targeted by the Government of Mozambique (GoM).

**Table 2: Mozambique's Nutrition Levels**

Indicator	Period	Period	Period
	1990-1992	1995-1997	2003-2005
%Population that is Undernourished	59	52	38

Source: *The State of the World's Children 200*. Available online at: <http://www.unicef.org/sowc09/index.php>.

In similar vein, Table 2 records a substantial decrease of population that is undernourished between 1990 and 2005. There was a substantial decrease of 27 percent between the periods 1995–1997 and 2003–2005. However, this meant that in 2005, close to 38 percent of the population were undernourished, which was almost 6,000,000 people, of which 41% were children. National indicators are still significantly below those presented by Mozambique's peer group, particularly the maternal mortality rate of 1000 deaths per 100,000 people in 2000 and 3 physicians per 100, 000 people, as illustrated by Table 3.

**Table 3: Mozambique's Public Health Indicators**

Indicator	Period	Period
	1990-2007	2000
Physicians per 100, 000 people	3	--
Maternal deaths per 100, 000 births	--	1000

Sources: *Global Health Atlas 2009*. Available online at: <http://www.who.int/globalatlas/>.

The relationship between hunger and other social indicators, such as, health is important. First, reduced hunger increases learning and lowers levels of malnutrition, which improve human capital and lead to greater economic growth. Second, learning reduces hunger, which increases participation in the labour force and improves the efficiency of workers, thereby contributing to economic growth. With 41 percent of

children undernourished, hunger has restricted learning opportunities for infants (i.e. access and utilisation) and has impaired future capacity to learn (i.e. utilisation of future learning opportunities).

This has meant that Mozambican children's cognitive foundation for acquiring future skills and knowledge to address hunger has been undermined. In Mozambique, hunger limits opportunities to learn by reducing attendance in school and making it hard to concentrate. Hunger has also damaged the future capacity of children affected to learn by preventing catch-up growth. Reduced learning at this stage further weakens the foundation for acquiring skills and knowledge to address hunger (i.e. to improve the availability, access and utilisation of nutrients). Furthermore, hunger has also prevented children from acquiring some skills related to nutrition and health (i.e. utilisation of nutrients) that can be applied immediately.

It is noted that despite significant progress in increasing food production in Mozambique, the relationship between food production, hunger and poverty reduction remains complex. In the medium- and long-term, food security in Mozambique will increasingly depend on improvements in agricultural productivity. As a MAP report suggested: "This improved productivity will require substantial investment in its research and extension systems, and in a private sector input distribution system able to facilitate farmer use of yield increasing input" (MAP, 1996). Despite investments by donors and the government, the country's agricultural research and extension system is exceptionally weak. As Mozambique strives to increase food production, thousands of children remain trapped. This has meant that both the urban and rural poor have had to depend on manufactured agricultural products, as they are dependent on markets for the purchase of foodstuffs. As the UN in Mozambique notes:

Taking into account the fact that rural households spend 60 - 65% of their average income on their food, and as this expenditure is higher and the food reserves lower in households with low food consumption, projections indicate that the situation of nutrition and food security, particularly with regard to quality of diet, will deteriorate due to price increases of basic products that have been witnessed in recent years, with a tendency for this to be aggravated due to the oil crisis and the reduction of foodstuff availability (2008: 20).

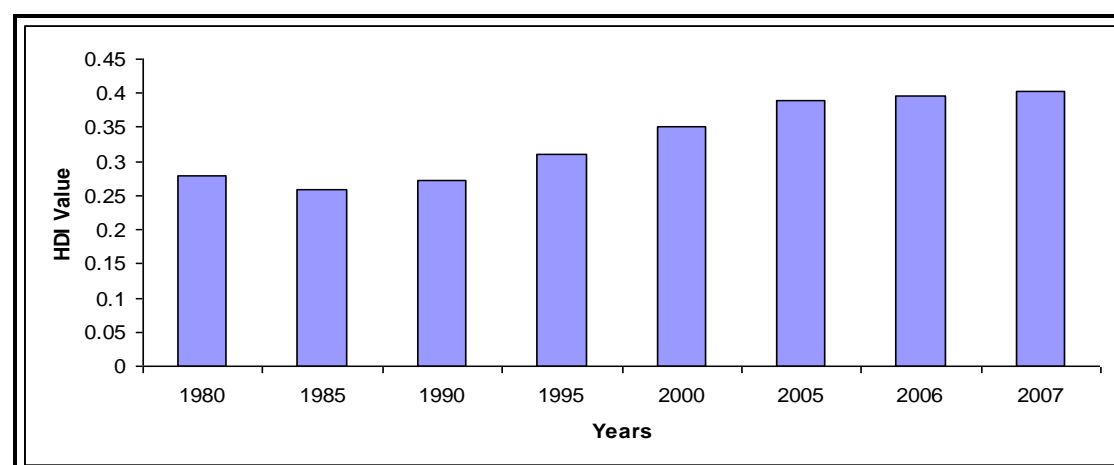
### 4.2.3. Mozambique's Human Development

The Human Development Index was developed to provide composite measurements of economic growth and development. As the UNDP report suggests, the:

HDI index is not in any sense a comprehensive measure of human development. It does not, for example, include important indicators such as gender or income inequality nor more difficult to measure concepts like respect for human rights and political freedoms. What it does provide is a broadened prism for viewing human progress and the complex relationship between income and well-being (2009).

Figure 5 below demonstrates that Mozambique's HDI since 1980 improved substantially. Between 1980 and 2007, Mozambique's HDI rose from 0.280 to 0.402. In the initial decade of post-conflict peace settlement between 1990 and 2000, the HDI averaged 0.31 compared to the last figure recorded in 1980, at 0.280. Between 2000 and 2007, HDI averaged 0.384. Post-conflict peace settlement provided an impetus for growth and the economic and political stability that was needed for the country to move forward. In almost two decades of post-conflict peace, HDI average growth rose by 22.5 percent. The highest recorded figure was in 2007, which was 0.402. Mozambique, however, did not improve positions on global rankings. The country maintained its position 172 between 2006 and 2007, raising doubts on the post-conflict success story. However, the post-conflict political economy provided the impetus for government to raise revenue for social services such as healthcare, education and to promote the nurture of nascent democratic institutions.

**Figure 5: Mozambique's Human Development Index (1980-2007)**



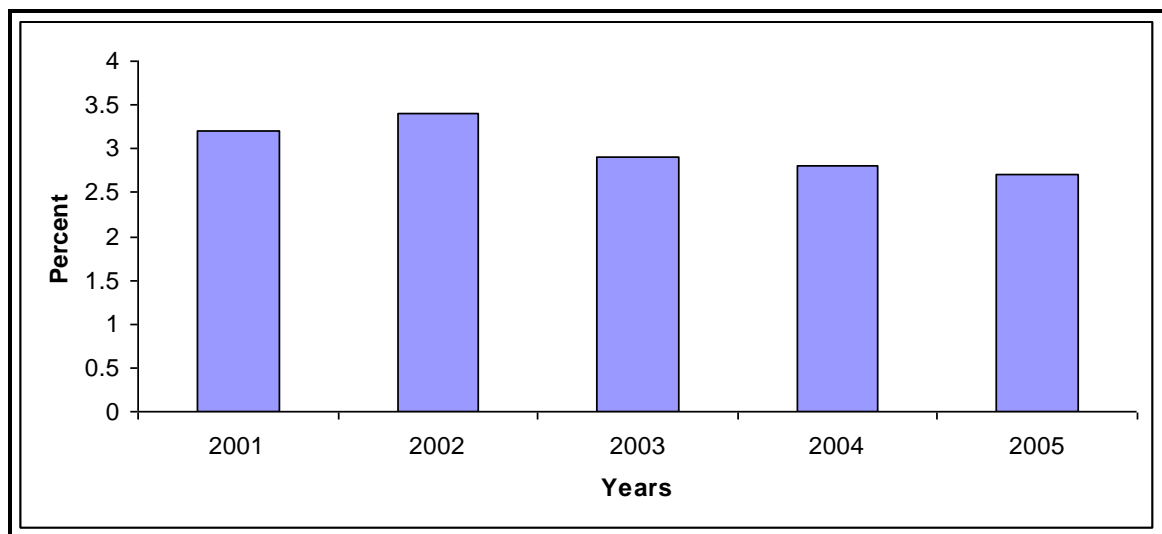
Source: *Human Development Report 2009*. Available online at:  
<http://hdr.undp.org/en/reports/global/hdr2009/>

Figure 6, below, indicates that Mozambique's public health expenditure as a percentage of GDP increased by 15.6 percent between 2001 and 2006. The highest figure was recorded in 2002, with public health expenditure making up 3.4% of the GDP. Although there is a slight decrease between 2003 and 2005, from 2.9% to 2.7%, WHO data suggest that between 2003 and 2006 Mozambique's health expenditure per person increased from US\$42 to US\$56, which suggests a 33.3% increase<sup>14</sup>. This is evidence to suggest that government spending on health continued to rise. Through the involvement of international aid partners, government's spending on health had been increased compared to the war period. Despite increased spending on public health, spending was uneven, with some people (i.e. children and the poor) receiving little or no share from increased public health expenditure. This was explained in the previous section with particular reference to child health and malnutrition. A further analysis on diseases such as TB, malaria and HIV/AIDS will shed light on Mozambique's health expenditure.

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<sup>14</sup> World Health Organization (WHO). 2006. *World Health Report 2006: Annex Table 3*. Geneva: WHO. Available online at: <http://www.who.int/whr/2006/annex/en/index.html> and in the WHO Statistical Information System (WHOSIS): Core Health Indicators.

**Figure 6: Mozambique's Public Health Expenditure as a Percent of GDP (2001–2006)**

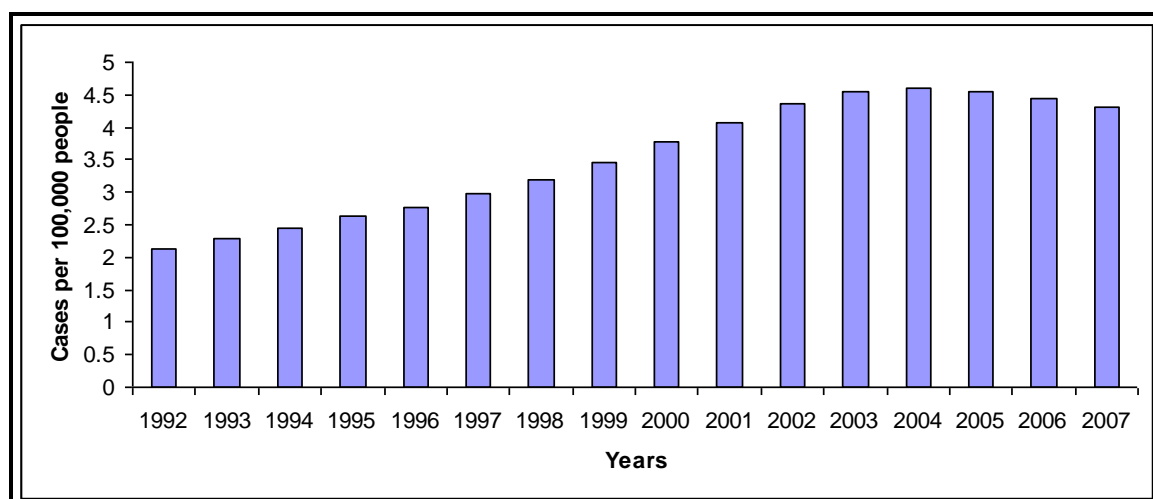


Source: *World Development Indicators Online 2008*. Available at: <http://go.worldbank.org/U0FSM7AQ40>.

Figure 7, below, illustrates that tuberculosis incidence rates between 1992 and 2007 more than doubled by 101.4%. There were 214,000 reported cases of TB when peace was brokered in 1992, and this figure substantially rises each year with the highest cases reported in 2003 and 2004, recording 455,000 and 460,000, respectively. Although there is a minimal decrease from 2005 to 2007 from 455,000 to 431,000, there were 92,000 estimated new TB cases in Mozambique in 2007. The decrease does reach the initial figures recorded in 1992, when the number of reported cases stood at 214,000. It is also imperative to note that the years that witnessed a slight increase in public health expenditure as a percentage of GDP (2001 and 2003) also have the highest number of TB incidence rates at 408,000 and 455,000 respectively.



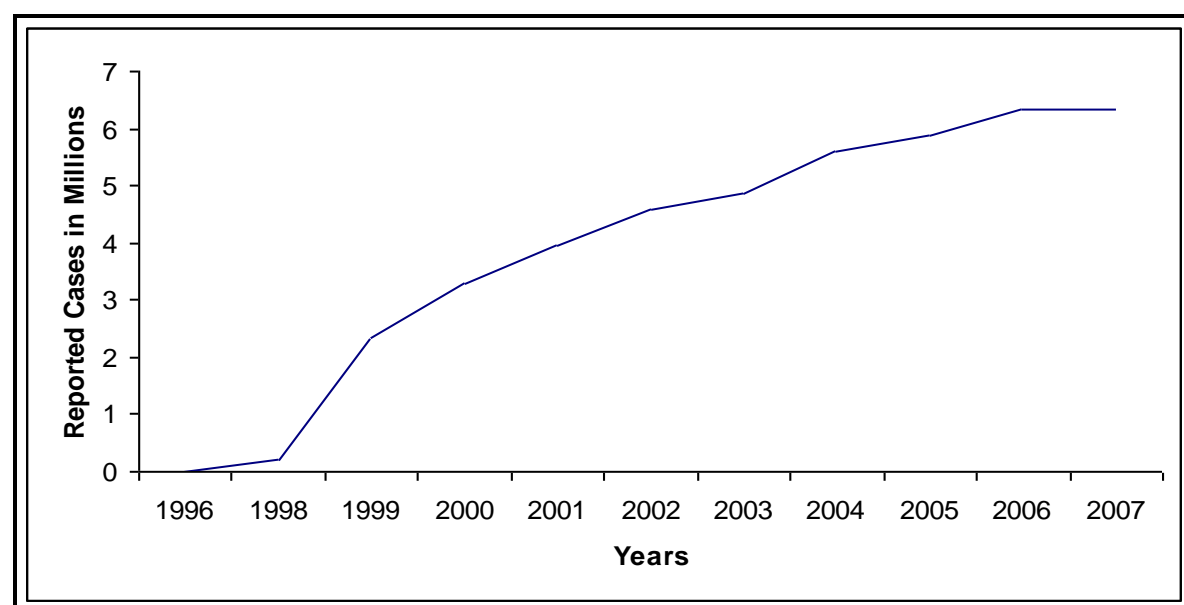
**Figure 7: Mozambique's Tuberculosis Incidence Rate (1992-2006)**



Source: *Global Health Atlas* (2009). Available online at:  
<http://www.who.int/globalatlas/dataQuery/default.asp>.

Figure 8 illustrates the escalation of Mozambique's reported malaria cases. The graph illustrates that there were 12,794 cases of malaria reported in 1996. There was a big increase, as 194,024 cases were reported in 1998, but the figure is far below a million cases. Between 1999 and 2002 the average malaria cases reported jumped to 3,538,825. There was a substantial increase between 2003 and 2007 of 23 percent; figures soared from 4,863,406 in 2003 to 6,327,916 in 2007. The average number of reported malaria cases between 2000 and 2007, was 5,106,629. The highest number recorded in this period was 6,335,757, in 2006. Figure 8 thus illustrates that there was no decrease but that due to poverty and inadequate healthcare facilities figures have risen unabatedly. Both UN agencies and PARPA II sources indicate that together malaria and TB are the number one causes of death for both rural and urban poor in Mozambique. Despite an increase in public health expenditure and health related aid, Mozambique's public health system remains incapacitated to deal with these two pandemics.

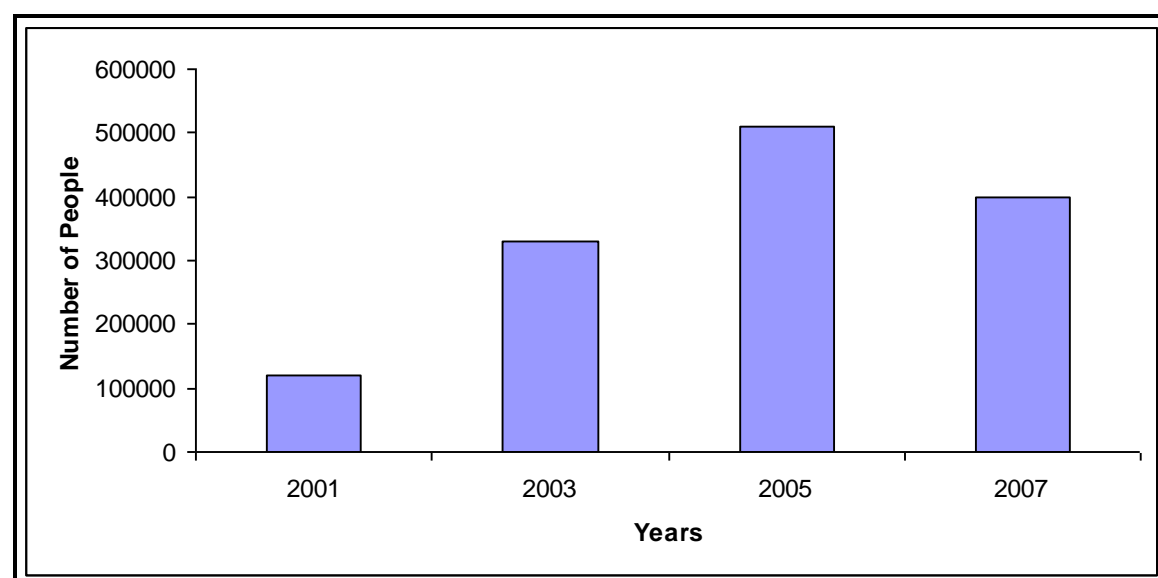
**Figure 8: Mozambique's Reported Malaria Cases (1996-2007)**



Source: *Global Health Atlas 2009*. Available online at: <http://www.who.int/globalatlas/>.

Latest estimates indicate an HIV/AIDS adult prevalence rate of 12% and 510,000 children orphaned in 2005, as illustrated by Figure 9. Although the last recorded number in 2007 shows a reduction to 400,000, the burden of orphans is a reality. Mozambique is among the top ten sub-Saharan African countries that have been hardest hit by HIV/AIDS, with 1.3 million adults infected. The demographic, social and economic consequences of AIDS are of major concern. The cost of HIV/AIDS impact to the economy is estimated at approximately 1 percent of GDP growth per year. Orphaned children in Mozambique are faced with complexities that are borne because of the disease. Before parents die, orphans are forced to bear the economic brunt as household expenditure is mainly targeted at meeting healthcare needs. Orphans in Mozambique will most likely drop out of school and face the social stigma that is associated with the pandemic. In addition to lack of healthcare, most orphaned children are in danger of malnutrition and illness.

**Figure 9: Mozambique's Orphans due to HIV/AIDS (2001-2007)**



Source: *Report on the global AIDS epidemic 2008*.

Available online at

[http://www.unaids.org/en/KnowledgeCentre/HIVData/GlobalReport/2008/2008\\_Global\\_report.asp](http://www.unaids.org/en/KnowledgeCentre/HIVData/GlobalReport/2008/2008_Global_report.asp).

In Mozambique, HIV is the main reason for failure to meet TB control targets in high HIV settings. TB is a major cause of death among people living with HIV/AIDS. Despite an increase in public health expenditure in Mozambique, the government has not effectively managed the outbreak of both TB and HIV/AIDS. There is an important link when malaria is added to the equation, as all three require a substantial decrease of poverty to create livable social environments. Collaborative TB/HIV activities have the objectives of creating the mechanism of collaboration between TB and HIV/AIDS programmes, reducing the burden of TB among People Living with HIV/AIDS (PLHIV) and reducing the burden of HIV among TB patients, and thereby the number of OVC. A post-conflict success story would thus have sought to mitigate the reality of deadly epidemics, such as malaria, TB, and HIV/AIDS, which have altered Mozambique's social structure.

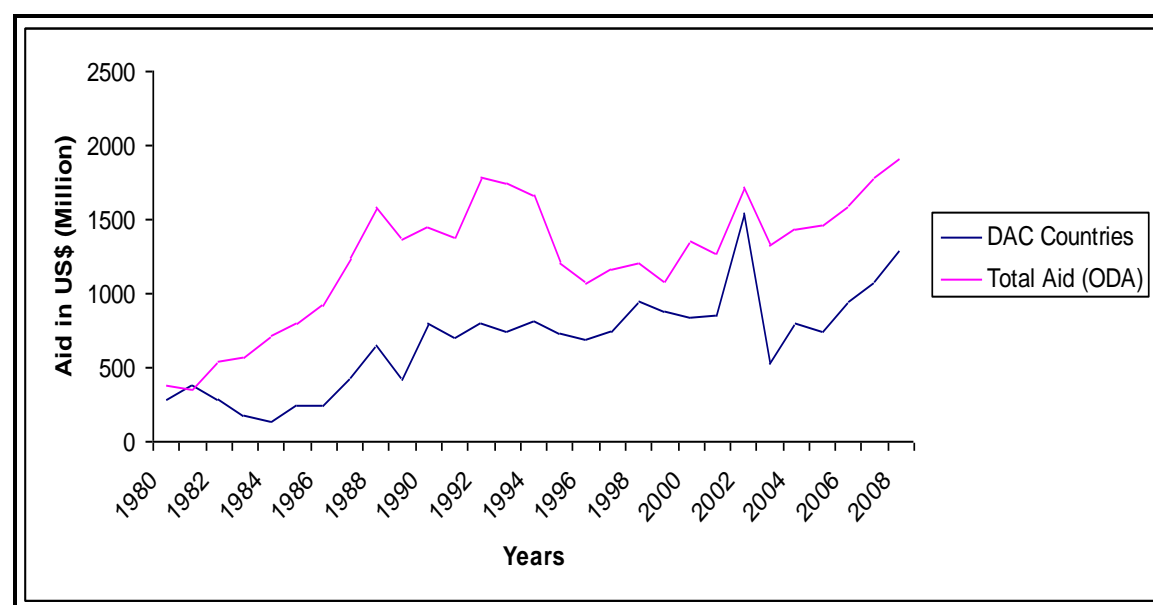
#### **4.2.4. Poverty and Economic Development**

Figure 10, below, has two variables tracing total aid given by OECD and DAC countries. The graphs illustrate that Mozambique has continued to be aid-dependent since a SAP programme was agreed upon with international stakeholders, such as the IMF and World Bank, in 1987. Aid given by DAC countries increased by 38 percent

between 1992 and 2008. In 1992 DAC countries contributed US\$797.52 million, whereas, in 2008, the figure stood at US\$ 1.3 billion. The highest figure was recorded in 2002 when total aid given by DAC countries reached US\$1.5 billion. Immediately after, there was a decrease of almost 30 percent, however, the levels have continued to rise since then.

Between 1992 and 1999, almost a decade after the GPA was signed, total average aid given to Mozambique stood at US\$1.364 billion. In what would be considered as the second generation of political and economic reforms during 2000 to 2008, average total aid given to Mozambique stood at US\$1.54 billion. This has meant that, in almost two decades, total aid given to Mozambique has increased by 11.2 percent. In 2008, Mozambique recorded total ODA of US\$1.9 billion, an all-time high, substantiating the fact that the country has structurally become dependent on aid, and aid is mandatory to Mozambique's economic growth and sustenance of social programmes. Multilateral institutions such as the World Bank and the AfDB have become major development financiers in Mozambique, providing a conducive environment toward multilateral loans and grants. This calls into question the capacity of the state to create mechanisms to check donors. Aid-dependency in Mozambique has meant that the trajectory of post-conflict economic reforms has been managed by international stakeholders.

**Figure 10: OECD's Aid to Mozambique from 1980 to 2008**



Source: OECD online Database. Online

[http://stats.oecd.org/OECDStat\\_Metadata/ShowMetadata.ashx?Dataset=REF\\_TOTALRECPTS&ShowOnWeb=true&Lang=en](http://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=REF_TOTALRECPTS&ShowOnWeb=true&Lang=en)

A successful post-conflict story would have reversed these trends. Substantial increase in aid should supposedly be targeted toward accumulation of national capital to reduce dependence on aid. There is an inherent danger with aid-dependency, as the international development architects formulate solutions that are in conflict with the Mozambican society development path. While it is desirable to provide a favourable environment in which public and private partnerships can flourish to combat poverty, aid is not an end in itself. Aid stifles self-reliance, and in this case, self-reliance is not autarky. The Mozambican state lacks the bargaining power to channel aid into agricultural transformation and to embark on an economic revolution that would run contrary to a market society. Self-reliant economies are better placed to chart a new developmental path. Efforts by international financial institutions, albeit with good intentions, have debilitated a revolution of the economy. Aid needs to be targeted towards programmes which stimulate social entrepreneurship and government capacity to promote political stability. Aid-dependency in Mozambique and Africa is a result of a lack of a shift in ideology.

In past years, prudent monetary and fiscal policies have stabilised the economy. The reviews under the three-year Poverty Reduction Growth Facility

(PRGF) approved by the IMF in July 2004 have been favorable. As the AfDB notes: “Reporting and management of expenditure has improved considerably and the tax base has been broadened, increasing fiscal revenues to 13.8 percent of GDP, in 2005” (AfDB, 2008). The fiscal deficit (including grants) for 2005 was estimated at 5.6 percent of GDP, just under the 6 percent target. Nevertheless, additional efforts to mobilise tax revenues are necessary in order to reduce dependence on foreign aid. Gross national savings averaged 7 percent of GDP between 2003 and 2005, while the average annual gross investment rate was 23 percent of GDP, with the gap being financed by foreign savings including grants.

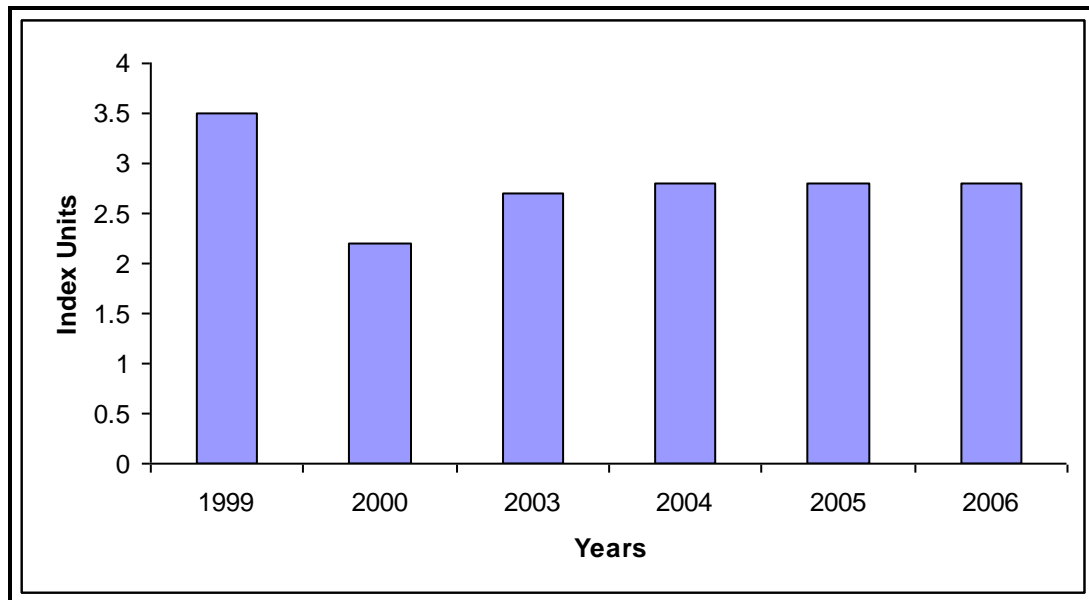
Overall, it is expected that the economy will grow at an annual rate of 5 percent (subject to change due to a global meltdown) in the next few years. It is believed that higher GDP targets of 7 or 8 percent can be met if, in addition to sound macroeconomic and public finance management, crucial restructuring operations, (namely, the second “wave” of reforms and infrastructure investments) are carried out. These are essential in order to improve the business environment and, thus, promote private sector development that drives economic growth. If these growth projections are observed and the inequality indexes remain at historical levels, the poverty level will decrease to 31 percent in 2015. However, Mozambique will be an economy in which growth is taking place in tandem with income and social inequalities, which masks the projections that MDGs can be reached by 2015.

#### **4.2.5. Governance in Mozambique: Corruption**

Figure 11, below, illustrates that corruption in Mozambique has increased. The graph shows that the highest score recorded on the corruption index was in 2000, when it stood at 2.2. Subsequent years from 2003 to 2006 illustrate that the average Corruption rate stood at 2.77, meaning that levels of corruption had not changed in this period. The Corruption Index was developed by the TI. As pointed out before, the CPI measures the degree to which corruption is perceived to exist among public officials and politicians. Ratings range in value from 10 (least corrupt) to 0 (most corrupt). The survey measures public sector corruption or the abuse of public office for private gain. It measures local and national governments, not domestic and foreign

corporations doing business in these countries. Although there has been a slight decrease between 1999 and 2002, Mozambique has continued to become a more corrupt society. In 2006 the Corruption Perception Index stood at 2.8.

**Figure 11: Mozambique's Corruption Perception Index**



Source: *Corruption Perceptions Index 2006*. Available online at: [http://www.icgg.org/corruption.cpi\\_olderindices.html](http://www.icgg.org/corruption.cpi_olderindices.html).

The anatomy of corruption in Mozambique can be traced to structural inheritances from the colonial era and the transition from authoritarian rule to democratic rule. Corruption undermines the fight against poverty and the struggle for justice and a more fair and equitable society. Democratic governments are supposed to serve their constituencies, the electorate. Corruption also undermines the promotion of democratic values, and thereby reduces accountability and transparency in the political systems. The poor and marginalised in society trust public institutions to serve their interests, such as, in health and financial institutions. When trust is undermined, it means that democratic participation is curtailed, thereby instilling fear in citizens to participate in a democratic society.

Corruption hurts both the development of nascent democratic institutions and citizens that are supposed to be served by their government, and the process of economic development itself. Corrupt governments become sources of insecurity to their citizens. Whereas governments are supposed to work for the people; corruption

entrenches elite dominance, especially when grand corruption is considered. Political elites can therefore buy justice, as judicial institutions become accountable to the interests of elite dominance. The fact that Mozambique has become aid-dependent has also paved avenues where corruption has become endemic. Aid-dependency has meant that Mozambican officials are accountable to donors, more than to their constituencies. It can be argued then that aid has an endemic character of undermining the very same constituencies it ought to serve. For example, a USAID report notes the following:

More than \$100 million of donor funds were used in 2001 to bail out the failed privatization of the Commercial Bank of Mozambique (BCM), the purchase of which in 1996 was allegedly funded by donors for rehabilitation of the metalworking industry. What is clear is that donor funds intended for development often have the unintended effect of enriching a small elite of wealthy and politically powerful individuals, thus diminishing the overall impact of development assistance. Even when donor funds are audited and well-managed, they can serve to free up other government funds for misuse by public officials. (2005: 5).

There are inherent problems when governments become predatory and fail to reduce corruption. There is no concrete evidence to show whether democratic governments are the best vehicles to deliver on development; and development itself is a nebulous term. Crucial to note is that social change and progress take place in societies that uphold the rule of law and as political interests are aligned to provide the social policy goals. In Mozambique, corruption is a complex problem. This can be attributed to a parasitic relationship that involves donors, the government, and the people. At the top of this chain are donors and the government, who make political decisions that have social consequences. Whereas effective policies to reduce social ills are supposed to be carried out by the state, the parasite relationship becomes more apparent as public and social institutions are incapacitated to make social change possible. Corruption thus unmasks Mozambique's success story.

#### **4.2.5. Key Findings**

Despite the fact that Mozambique has registered phenomenal growth levels in the post-conflict years, there are four key findings that this study has noted. This study has not attempted to dispute that growth is taking place in Mozambique, however,



analytical questions about what encompasses growth need to be carefully looked at. The study, thus, notes the following:

Under the auspices of international stakeholders, Mozambique has been able to create a favourable environment in which the desperately needed capital can finance development. However, this growth has also been accompanied by low investment in agriculture and the eradication of poverty and hunger. Although Mozambique's cereal production has increased in the post-conflict years, this masks the higher levels of hunger and malnutrition that are prevalent in both the urban and rural areas of Mozambique. Hunger reduction not only remains an important social issue but is fundamental to the economic performance and progress of this economy. The study has also noted that investment in agricultural production could potentially reduce the risks of hunger and poverty in Mozambique, even in the midst of the natural disasters that have frequently struck this country.

Despite an increase in public health expenditure and public health per capita, malaria, tuberculosis and HIV/AIDS have burdened the post-conflict state, altering the social structure. As a result of binding international agreements to target the reduction of both malaria and tuberculosis, Mozambique's incidence rates of both epidemics have continued to rise. The two diseases remain the number one causes of death in both adults and children, in both urban and rural areas.

Despite an average economic growth rate of 7–8 percent in the past decade, Mozambique continues to be an aid-dependent economy. Because of this, Mozambique's post-conflict political economy is influenced strongly by powerful international stakeholders and private capital. This weakens the state apparatus to chart a developmental path that is indigenous.

Despite democratic reforms, corruption is rampant in Mozambican society. Corruption has undermined citizens' trust of public institutions, as a lack of accountability and transparency is encouraged. In Mozambique, corruption is exacerbated by the fact that there is a parasitic relationship amongst three constituencies, donors, government (state institutions) and the people.

### **4.3. Conclusion**

The end of the Cold War signified the beginning of a new period in global affairs. As the world had previously been divided on ideology, the post-Cold War period provided a new avenue for peaceful cooperation and a prioritisation of human security. When the peace deal was signed in Mozambique, donors and architects of the peace process expected that Mozambique would deliver the democratic ideals. Years of combat saw the deterioration of socio-economic variables as the government became incapacitated to act. In the post-conflict period, economic development was supposed to be a mark that Mozambique was moving toward national reconciliation and stability.

Data in this chapter from major International Organisations are used to support claims made in the literature review: that Mozambique's success story should be subjected to criticism. Without dismissing the fact that Mozambique's post-conflict political economy has made strides toward growth, there are declining social and governance indicators. This does not mean that any improvement of these indicators would suggest that Mozambique is on a trajectory of development. As the next chapter will argue, there need to be new models to question the current status quo of the development paradigm, and, thereby, neo-liberalism and global capitalism.

# **CHAPTER FIVE**

## **CONCLUSION--MOZAMBIQUE'S POST-CONFLICT POLITICAL ECONOMY: "AFRICA'S SUCCESS STORY"?**

### **5.1. Introduction**

This chapter provides the concluding remarks of the study. The main aim of this study is to critically evaluate whether Mozambique's post-conflict political economy is a success story. Data collected have pointed towards questioning and contesting claims that Mozambique is a successful post-conflict society. The study found that, despite improvements in reducing the number of people living in poverty between 1992 and 2008, malnutrition, diseases, such as, malaria, HIV/AIDS and tuberculosis, and corruption are on the increase, demystifying claims that Mozambique is a post-conflict success story. Further, the study also found out that Mozambique has become structurally dependent on aid, and the country's sovereignty in policy making has been curtailed.

The study also relied on the importance of history to understand the evolution of Mozambique's political economy from colonialism, through post-colonial state and the advent of war, and finally, democratic reforms and a move toward market capitalism. This historical narrative helps to explain the choices and processes of change that have shaped Mozambique since the start of its existence. The contemporary history has helped explain why a country like Mozambique was incorporated into the global capitalist economy. Further, the narrative aims to highlight the fact that beyond contemporary dilemmas, Mozambique has gone through tumultuous political and economic changes. It is a unique case study in post-colonial Africa, yet at the same time shares similarities with other African countries and post-conflict societies across the world. Mozambique's history is shaped by a long resistance to colonial capital toward the creation of a free society. However, given global demands and the failure of the socialist state, Mozambique acquiesced to the current development paradigm.

### **5.1.1. Mozambique: Development in an era of Neo-liberalism?**

There are a myriad of factors that have been noted in this study. The study has explored the question of whether Mozambique's post-conflict political economy is 'Africa's success story' of post-conflict reconstruction. Mozambique represents a confluence of different strains of political thought and traditions that have shaped this country and, specifically, the trajectory of the post-conflict state itself. Historically, Mozambique had been a battle ground between the socialist and capitalist blocs, with market fundamentalism and democratisation emerging as victors, especially in the post-Cold war era. Although Mozambique stands out as a unique case, given its tumultuous historical past, this narrative helps to explain the trajectory that most African countries have followed.

Although there have been notable achievements, claims of revolutionary success by Mozambique's major donors remain suspicious. Since the 1980s, total aid given by OECD countries and bilateral and multilateral lending has increased. Given that reality, Mozambique has become an aid-dependent economy, registering current account deficits between 2000 and 2009. The major reason is that the development model promoted by the BWI is counter-intuitive. Donor governments and the leading development agencies have not proposed a development plan that envisions a 'Mozambique beyond aid'.

The development model relies on recycling knowledge that does not promote self-reliance. Donors are content with the status, albeit critical of governance indicators like corruption. Although there has been a substantial decrease of the number of people living in poverty since the end of the war, inequality and malnutrition and corruption have increased in the post-conflict state. The return of peace also signified the stabilisation of society and families. This has led to flexible movements between urban and rural dwellers, and families that were not in contact during the war. However, flexible movements have led to the transmission of HIV/AIDS and thereby the number of OVCs. Despite an increase of development aid to combat HIV/AIDS by donors, state structures are incapacitated to deal with the pandemic.

Any attempt therefore, to understand the present-day conditions in Mozambique resonates well with the deeper realities that most African countries are experiencing. Portuguese colonial rule left a legacy of blight and neglect for Mozambican citizens, as they were treated as subjects and subservient to the interests of empire. This void was filled by the political maneuvering of the FRELIMO party, especially under the leadership of Samora Machel. Although the country forged nationhood before statehood, the contestations that are found in virtually all African states surfaced, leading to the conflict itself. In doing so, the democratic socialist revolution was not given a chance to flourish, as it faced internal and external threats. Eventually, market fundamentalism as an alternative to socialist progress, created a myth of progress and change, a reality that is still felt in Mozambique's post-conflict phase. This analysis helps us to understand that Mozambique's contestations and negotiations to chart its developmental path is an experience that most African countries have also had to negotiate. The challenge, as has been argued by Elicio Macamo, is that

[t]he claim that development is desirable in Africa because the continent lacks development is circular in nature. Since dire political, social, and economic conditions describe the condition of nondevelopment, doing away with them does not explain why Africa should develop, but rather restates the problem. The practice of development aid, however, has shown that the real explanation for the development claim is not the nondevelopment of Africa. It is rather geopolitical and strategic interests pursued by those who provide aid. The question which African countries have to address is whether such interests are consistent with their own nation-building efforts. (2005: 5-6)

Throughout the twentieth century and at the beginning of the twenty-first century, there have been myriad debates on development progress and change. Various questions have been asked about what the idea of development is and what the necessary conditions that foster developmental processes are. This study has suggested that the current status quo of global development needs to be questioned. If we are to understand development in Africa, then Africans need to formulate a post-colonial idea of development. For other scholars, the idea of development conjures up images of colonial regimes which developed the intellectual and social capital of cities to the neglect of rural areas. This is not to suggest that change does not constitute a greater part of the development agenda. However, it is political and intellectual hubris to suggest that there is a blueprint plan for solving the problems that have been bequeathed by colonialism, imperialism, failure of the post-colonial

state and lately, development models from Washington. I, thus, agree with Stiglitz's point that if there is a consensus today about what strategies are most likely to promote the development of the poorest countries in the world, the only consensus is that the Washington Consensus failed (2008: 41).

The African Development Bank notes that Mozambique has met the criteria for eligibility to the "fast track" status under the MDGs.

The MDGs likely to be achieved are income poverty, hunger, child mortality and maternal health. Fast progress towards the remaining MDGs targets requires major policy and institutional reforms and significant financial and human resources (2009).

Of crucial concern is that policy and institutional reforms are not indigenous and thus fail to mobilise social change and raise a critical mass. What is desperately needed in Mozambique and the continent is a new developmental model that takes into account of Africa's contextual realities. In the pages below I shall suggest what may characterise that dialogue, however, I revert to the central theoretical framework of this thesis.

Both Ake and Mafeje saw beyond the constraints of the liberal international regime that was incapable of change. It needed a different generation of Africans to challenge the current status quo of the world's international political economy, as a move toward the articulation of self-reliance seemed inevitable. The need for this contestation is further expressed by a lament of the first African UN Secretary General who expressed disdain on the paralysis of the BWI and global governance. Boutros-Boutros Ghali notes the following:

The neoliberal globalization paradigm that has spread across the world has also invaded the UN. It has steadily undermined the organisation's development mission, and its role in questioning and trying to address what developing countries consider to be an unjust and inequitable world economic order. Power and action have shifted to the BWIs and the World Trade Organisation (WTO). These are organizations in which democratic values do not count for much in decision policy-making. The underlying objective of these institutions is to support the status quo, not to be critical of it (Ghali, 2009: xxiv).

Ideas of self-reliance espoused by Ake and Mafeje's are dismissed in and sidelined as a dead socialist project in neo-liberal debates. These ideals however, are

rooted in the unyielding beliefs that societies are capable of change. These ideals have also found frequent expression from Pan-Africanist scholars, such as Samir Amin, who has vehemently argued that an alternative development can only occur when the global political order has been changed. Cognisant of the importance of institutional reforms, he also notes that reform should be accompanied by a heightened political role of the UN. However, Amin differs with most theorists, as he suggests that

[t]he deployment of revolutionary development demands deep political changes in every part of the world, the replacement of existing hegemonic social alliances (based on the domination comprador capitalism in the peripheries of the South and now the East) with different social alliances based on the hegemony of labour and the popular classes (1997: 42)

Crucial to note is that Nobel Prize laureate, Joseph Stiglitz's, influential *Globalisation and its Discontents* (2001) made no reference to the plight of African economies and the challenges that burden these countries. On the other hand, Dambisa Moyo's ambitious project, *Dead Aid* (2008), provided answers that sought to challenge the aid predicament in Africa without dismantling the current status quo of development in the world. The rhetoric of moving beyond the Washington Consensus is couched in a framework that is comfortable with entrenching values that are promoted by the BWI institutions. Development thus becomes an instrumental tool for change insofar as Washington dictates. This is equally naïve and intellectual hubris that should be challenged. Furthermore, change, and in this case developmental change, takes place in a vacuum of democratic contestations.

Any discussion on charting the way forward through the development impasse that Africa and a country like Mozambique face should deconstruct the development discourse. There needs to be a shift towards a post-colonial development discourse. This move should take cognisance of global governance reforms which speak to the realities of a political crisis of the whole continent of Africa, and the citizens of Mozambique. A post-colonial development model then should challenge the dominant status quo of global capitalism with a recognition that Africa is marred by a political crisis. If development is understood that aid provides an impetus for growth and meeting short-term goals, then neo-liberal claims that political and economic growth has been revolutionary in Mozambique are correct. However, Mozambique and Africa are heterogeneous places; and development is a mystery that has not been unlocked to

deal with political and governance complexities. This needs to be determined by the political leadership of each country, with a move to address local grievances of the people. Authoritarian politics are a legacy of colonialism, and its remnants are still felt in most African countries that are democratising.

Although Mozambique and most countries in Africa have democratised, little has changed to bind the local grievances with a political system that ensures social justice and equity. There is a deep suspicion in contemporary Africa's political intellectual tradition that frowns on ideas that promote the ideas of social justice, due to an accommodation and contentment with the status quo. In this instance, politics thus becomes a means to an end. Revolutionary development in Mozambique or Africa can only take place when political institutions and thoughts are challenged to pioneer a development path that reflects post-colonial realities. What is needed, therefore, is politics that root out fear and cynicism, cognisant of a development of a social democracy that mends fragile social indicators like health and education, as Ake, Amin, and Mafeje have all argued. In this light, the contestation involves both national and global institutions, and a recognition that Africa should not be paralysed by its past. Africa's past therefore becomes a reference point to move toward politics of compassion.

Further, the question that most analysts fail to address is to see Africa, or rather a country like Mozambique, as it is. As Ridell has argued:

Many poor countries have been ill served by the rigidity and narrowness of much of the macro-level policy advice coming from the leading IFIs, which have proved inadequate to address their complex, structural and long term development problems (2007: 254).

Could it be that at the core of this misunderstanding of the effectiveness of aid in a place like Mozambique is that it is misguided by a disjunctured global partnership and the failure of the liberal international regime? Aid regimes then need to tie their efforts with the broader grievances of *self-reliance*, and as Riddell once again argues, a recognition "that while often valuable and important in the short term, much official development aid has not done much lasting good: there have been huge gaps between expectations and achievements" (2007: 254).



Mozambique's post-conflict development takes place at a unique place in history. At the beginning of the twenty-first century, world leaders committed themselves to ridding the globe of the scourges of war, poverty and deprivation. In 1987, Mozambique became part of the World Bank, as the non-aligned movement had failed to provide the logistical and financial support that was needed to sustain the democratic socialist revolution. A peace settlement between FRELIMO and RENAMO ensured that Mozambique embarked on a new path. This study analysed data, specifically looking at social and governance indicators suggesting that Mozambique is not a success story. The study analysed poverty, malnutrition and hunger, and health indicators and macroeconomic data to demystify claims that Mozambique is a success story.

The colonial period deserves attention because its legacy lives on in contemporary Mozambique. It continues in the stamped paper that must be purchased and completed before a contract can be signed or a foreigner can get a visa. It lives on in the way that agrarian relations are structured from the land that is allocated for growing particular crops to the allocation of land for those who grow a hectare or more of cotton in the belt. As Pitcher has suggested:

Agriculture exports such as cashew, tea, sugar, and cotton can be traced to the colonial period, and most textile, beverage, flour, beer, and cement factories were not built ten or twenty years ago under the FRELIMO government, but thirty or forty years ago under the Portuguese (2002: 15).

A closer examination of Mozambique's post-conflict political economy reveals structural legacies bequeathed by colonialism and FRELIMO's one-party rule between 1975 and 1992. As a result of a negotiated democratic transition, FRELIMO won the elections in 1994 and has subsequently continued to win convincingly with questionable results. This political space has been filled with the rhetoric of contestation as RENAMO has attempted to position itself as a robust opposition. However, democratisation enhances participation and citizenship. Democratic participation entrenches democratic institutions through which citizens are given the voices to participate in the future direction of Mozambique. Both Mafeje and Ake, with every prophetic insight, warned that for African countries to move forward, democratic decentralisation should be the cornerstone of development policies.

The study also notes that politically, democratic reforms have not led to the changes envisaged. FRELIMO has dominated the nascent democratic institutions, positioning itself as the vanguard of democracy, whilst the populace remains alienated. Economically, Mozambique remains an aid-dependent economy. Donors have taken a genuine interest in developing a competitive Mozambique and have refrained from questioning some of the contradictions and paradoxes that characterise the success story. The rule of law is absent, as corruption has curtailed the growth of nascent democratic institutions. This has had an impact on the poor and vulnerable in Mozambique; because the poor have so little resources, their prospects of influencing the allocation of public resources are limited by a corrupt regime. As Heymans and Lipietz suggest, poor people become primary victims of corruption as they are denied services either because resources are moved elsewhere or because corrupt payoffs make services unaffordable (1999).

The study also attempted to question the current development model. The study notes that, for revolutionary development to take place, Mozambique should envision a 'Mozambique Beyond Aid', where a developmental state will be entrenched to drive developmental initiatives. At present, Mozambique remains a fragile peace agreement, and this places a question on whether growth has been accompanied by equity. Societies are products of socio-political change and this merits a re-emphasis that the current neo-liberal paradigm has failed to address the plight of Mozambique. Further, any change needs to take into account that Mozambique, like most African countries, is marred by a political crisis.

In spite of this historical account, this study also notes that the political economy of Mozambique should not be written as a narrative of a poor country overrun by imperialism, globalism, capitalism or any other -ism. States and social actors have relative autonomy. As Pitcher has argued, states have room to maneuver and some choices they can exercise, but their interactions take place in a context that has been delineated by past experiences (2002: 18). The international perspective needs to be complemented by a focus on internal or domestic factors that may have influenced FRELIMO's policy outcomes and changes from 1975 to the present.

This study noted two important developments. Firstly, peacebuilding in Mozambique aimed at restoring state sovereignty, ending all large-scale violence and initiating a gradual process of democratisation. This process has been riddled with inconsistencies, as FRELIMO has adapted to formal ‘democratic’ practices, sidelining RENAMO. Secondly, following economic reforms under the auspices of the BWI, privatisation and liberalisation have constrained the ability of the ruling party to shape economic policy and have allowed powerful private actors to dominate particular sectors and to determine patterns of production (Pitcher, 2002). Yet, state interests have not been completely reduced. The state has not been revolutionised, as neo-liberal theorists would argue. Conflicts of interest between and within the state processes abound, but have interacted with the state administration in discrete ways. Positive economic growth inherently remains the greatest threat to peace. The marketisation policies that were part of post-conflict peacebuilding have exacerbated long-standing socio-economic divisions and distributional inequalities between the wealthy elite and the manipulated rural peasantry. This has raised profound implications on the long-term sustainability of the peace deal and the well-being of Mozambican society.

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